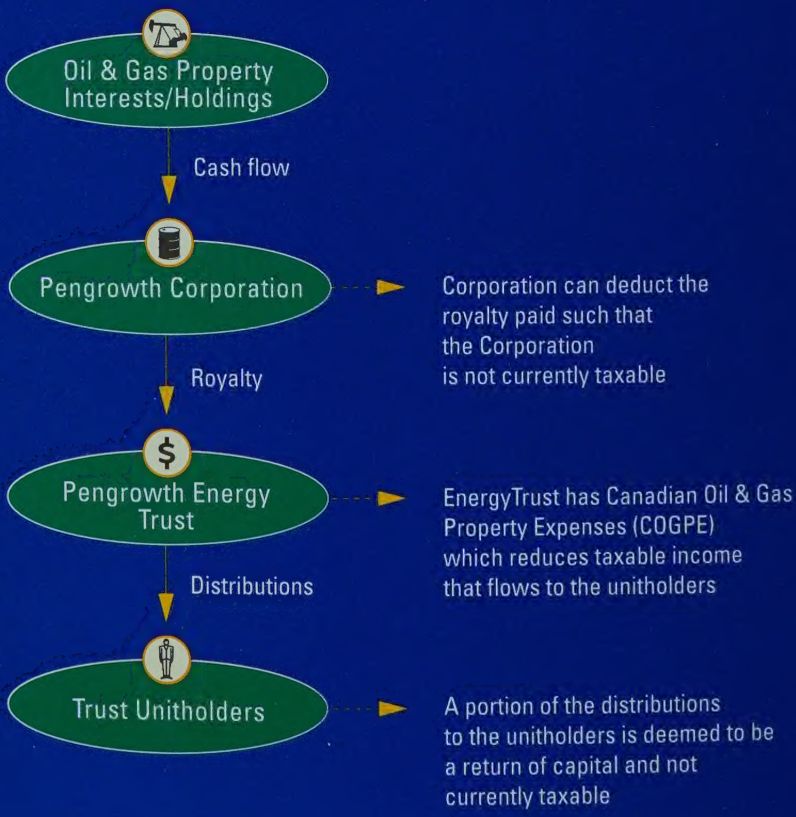
PENGROWTH

The Benchmark of Energy Trusts

PENGROWTH ENERGY TRUST » 1999 ANNUAL REPORT

ENERGYTRUST'S STRUCTURE - A MODEL FOR EFFICIENT GROWTH

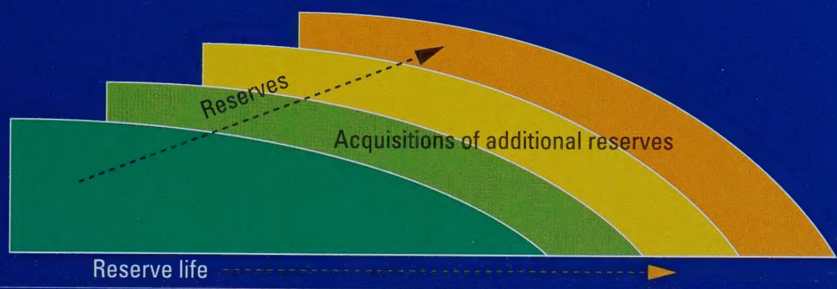


How Pengrowth creates value

Measuring Pengrowth's value creation and enhancement activities

1. EnergyTrust receives cash flow from its portfolio of oil and gas producing properties. As a result of the continuing program of prudent acquisitions, Pengrowth EnergyTrust has demonstrated accretion for its unitholders as the accompanying illustrations show.

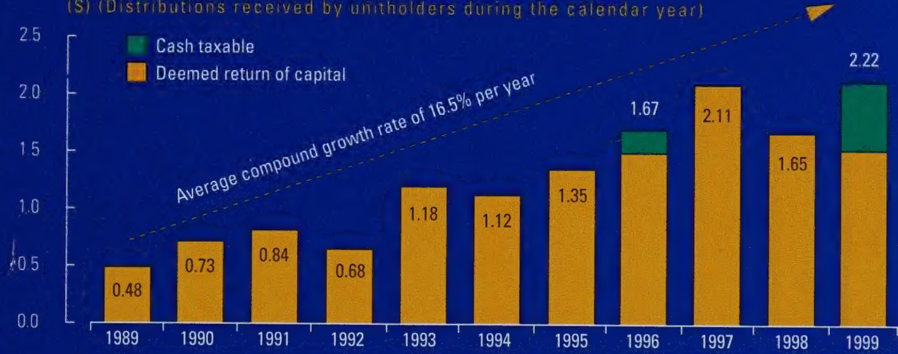
Active management increases production and reserves through acquisitions and prudent development



2. For Pengrowth, the key to increasing distributions is to continually invest in high quality oil and gas assets that add to distributable income and value for unitholders. The benefits of the accretive acquisition program can be seen in the accompanying graph. Distributable income has increased at an average compound rate of 16.5% per year since the Trust's inception in December 1988.

ANNUAL CASH DISTRIBUTIONS PER TRUST UNIT

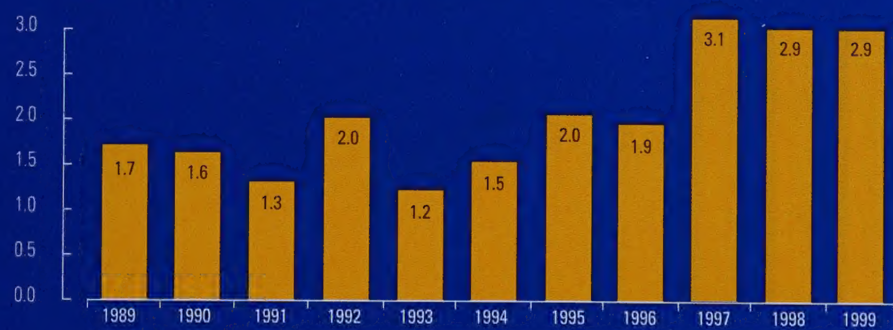
($) (Distributions received by unitholders during the calendar year)



3. These graphs, and others throughout this annual report, illustrate Pengrowth's success in increasing reserves both on a total basis and on a per trust unit basis.

ESTABLISHED RESERVES PER TRUST UNIT

(BOE)

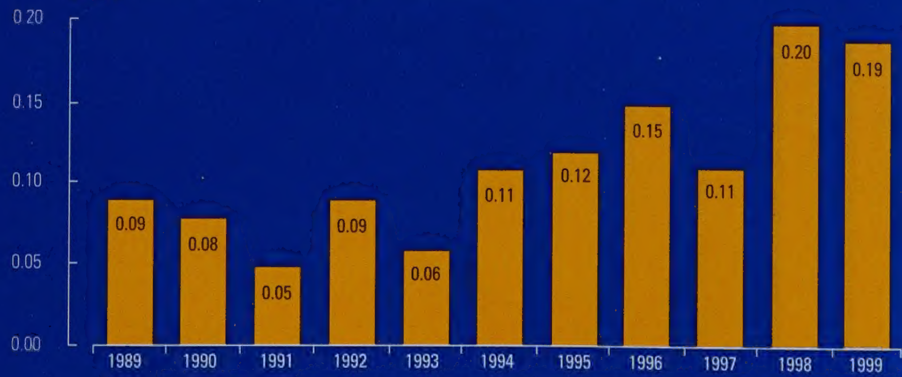


53.6 million trust units outstanding

4. EnergyTrust's active acquisition program has also demonstrated accretion in production on a per trust unit basis over the past 11 years.

TOTAL AVERAGE DAILY PRODUCTION PER TRUST UNIT

(BOE)



53.6 million trust units outstanding

PENGROWTH ENERGY TRUST
NORTH AMERICA'S LARGEST ENERGY ROYALTY TRUST

A LOW-RISK BUSINESS MODEL THAT WORKS

Pengrowth Energy Trust is the largest energy royalty trust in North America. The monthly distributions paid to Pengrowth unitholders represent the net cash flow (after fees and expenses) generated from a large portfolio of well-established Western Canadian petroleum and natural gas properties.

The royalty trust structure allows the net cash flow from these oil and gas properties to flow to unitholders in a tax efficient manner.

Business risks are minimized, as Pengrowth's properties demonstrate the following features:

- *Long history of production, which offers a predictable future production profile;*
- *High proportion of proven reserves;*
- *Long reserve life;*
- *High cash netback (production revenues less operating costs);*
- *Lower-risk development opportunities;*
- *No exploration risk;*
- *Diversified exposure to over 60 oil and gas properties;*
- *Minimal geopolitical risk;*
- *Well-defined and manageable reclamation costs;*
- *Low environmental risk.*

Petroleum and natural gas reservoirs naturally deplete as they are produced, and Pengrowth replenishes its reserve base through both acquisitions and the development of existing properties. Pengrowth has purchased over $917 million of properties in over 40 separate transactions during its eleven year history. Pengrowth's Established reserves have grown from 2.1 mmboe to 155 mmboe over this time period. Pengrowth issues equity to fund most acquisitions, yet its Established reserves per trust unit have grown from 1.8 boe per unit to 2.9 boe per unit over this period

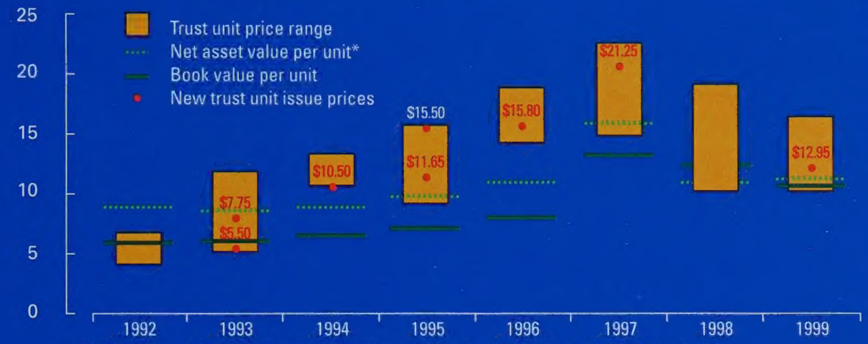
The Pengrowth model proves that a diligent and experienced management team can acquire reserves on a basis that increases unitholder value and cash distributions over time.

About the Cover: The graph depicts Pengrowth Energy Trust units versus The Toronto Stock Exchange 300 Composite Index and the Oil and Gas Producers Index.

Extending Our Value Over Time

5. EnergyTrust has generally issued trust units at a premium to net asset value and book value per unit, indicating significant value enhancement for unitholders.

TRUST UNIT PRICE RANGE VS BOOK VALUE, NET ASSET VALUE, NEW ISSUE PRICES (C$)



* NAV calculation at December 31, 1999 is $11.47 based on Established reserves (proved plus 50% probable) discounted @ 12% cash flow before income taxes

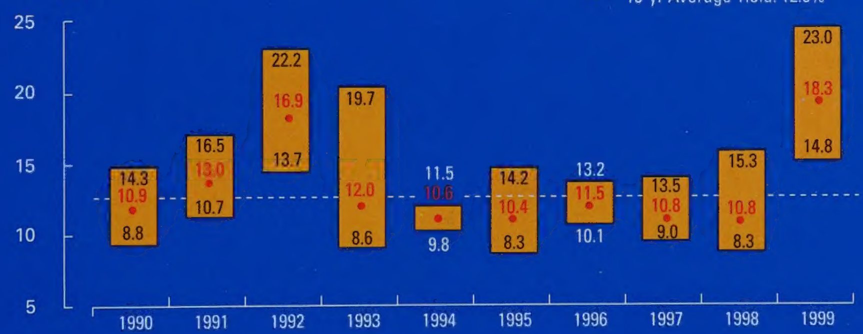
6. EnergyTrust has outperformed the TSE 300 and Oil and Gas Producers Indices.

TRUST UNIT PRICE GROWTH VS TORONTO STOCK EXCHANGE (TSE) INDICES

Total return basis ie price plus capital appreciation

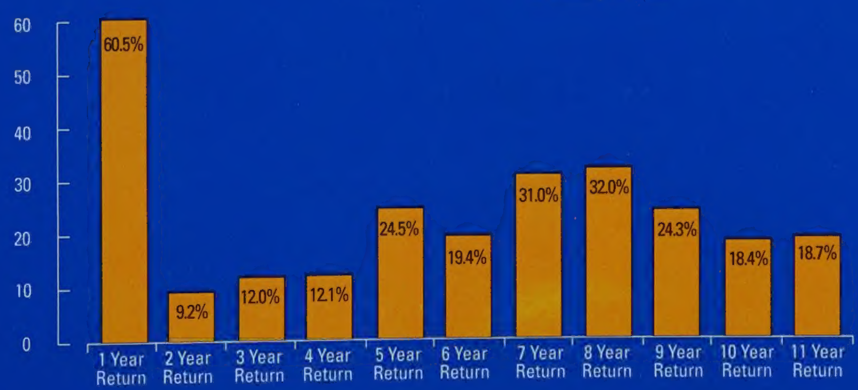
7. In recent years, EnergyTrust's cash-on-cash yield has ranged from a low of 8% to highs in the vicinity of 20%

CASH-ON-CASH AVERAGE YIELD (%)



8. EnergyTrust's annual returns averaged 25% per annum over the five year period ended January 31, 2000. The annual return over 11 years averaged 19% per annum.

HISTORICAL RETURNS (Average Annual Compound Rate of Return %)
To January 31, 2000



PERFORMANCE SUCCESSES

FINANCIAL:

- Strong commodity prices, high production, and lower operating costs combined to drive 1999 distributable income to an all-time high of $2.486 per unit, a 63% increase from $1.525 per unit in 1998.
- In May 1999 Pengrowth issued 6.12 million trust units at $12.95 per unit to raise gross proceeds of $79.3 million.
- Pengrowth's distributable income netback was a record $12.67 per boe in 1999, compared to $7.63 in 1998.
- Pengrowth's ratio of debt to trailing 12-month distributable income was 1.8 times at December 31, 1999. This ratio is expected to improve in 2000 as distributable income increases to reflect a full year of strong commodity prices and production from newly acquired properties.

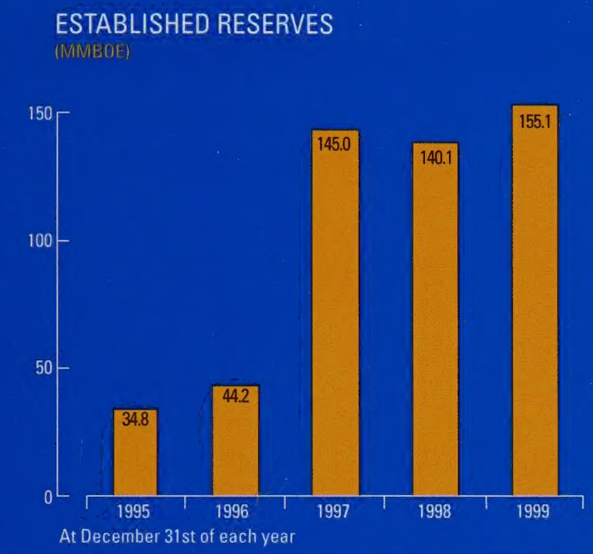
OPERATING:

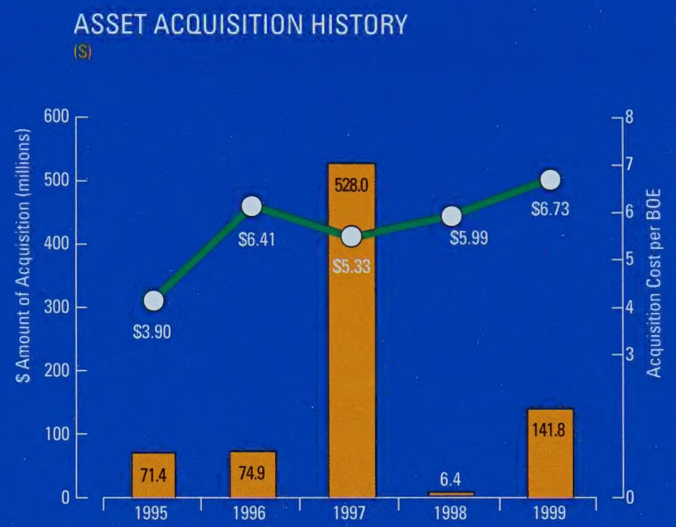
- Pengrowth reversed production declines at its operated Judy Creek property and achieved a 6% increase in oil production through a combination of optimization strategies.
- An active miscible flood program at Swan Hills Unit No. 1 increased production to an average of 2,123 boe per day net to Pengrowth's 10.4% working interest.
- In 1999, Pengrowth began shipping and marketing approximately 82% of its total crude oil production on a direct basis. This resulted in premium prices compared to the Edmonton posted crude oil prices.

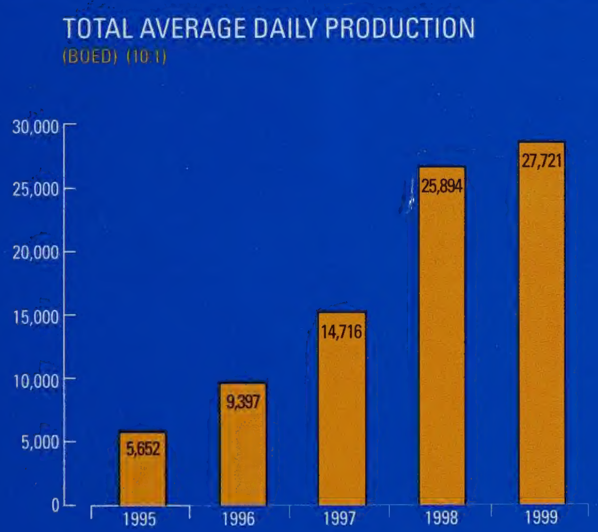
ACQUISITIONS:

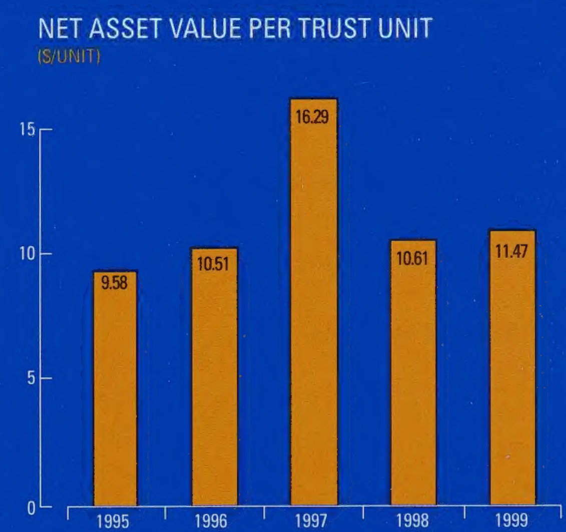
- Total acquisitions replaced over 208% of 1999 production at an average cost of $6.73 per boe on an Established reserves basis.
- In 1999 Pengrowth acquired 21,082 mboe of Established reserves for $142 million.
- Major additions to Pengrowth's portfolio of petroleum and natural gas properties included:
  - A 58% average interest in natural gas producing properties at McLeod River, including interests in three gas plants, 133 sections of land and 115 kilometers of flowlines.
  - A 53.5% interest in the Strachan Leduc D-3 Gas Unit No. 1.
  - A 96% average interest in oil producing properties in the Enchant area.

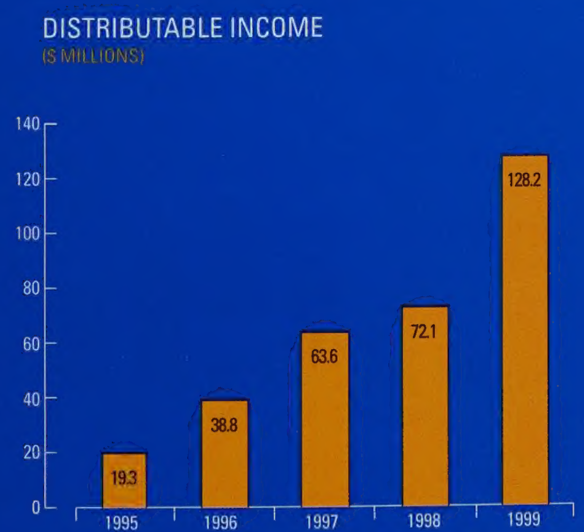
Leadership Through Sustained Growth

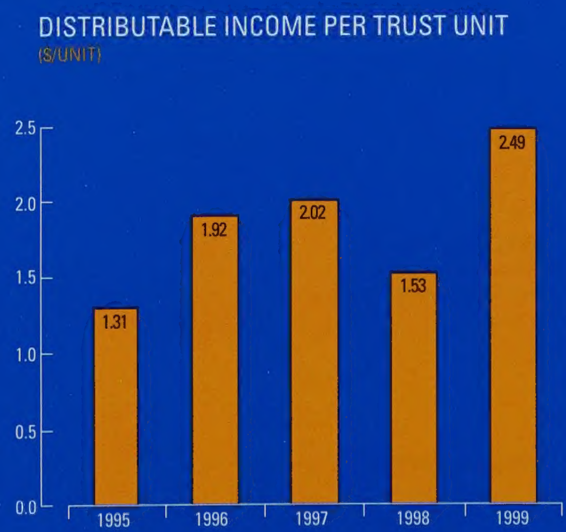










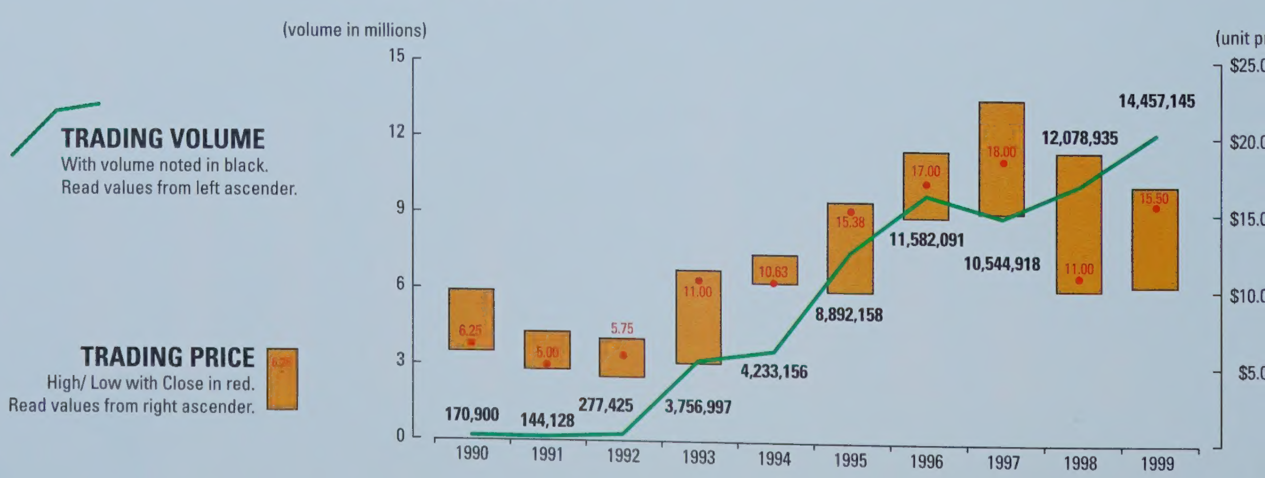


Distributable income to unitholders rose to $2.486 per trust unit in 1999 from $1.525 per trust unit in 1998, representing a record annual increase of 63%.

(thousands, except per unit amounts)

Year ended December		1999		1998	% Change
INCOME STATEMENT					
Oil and gas sales	$	**252,408**	$	168,782	50
Distributable income	$	**128,172**	$	72,117	78
Per unit	$	**2.49**	$	1.53	63
Weighted average number of units					
Outstanding		**51,234**		47,342	8
UNITS OUTSTANDING AT YEAR END		**53,639**		47,369	13
BALANCE SHEET					
Working capital	$	**(19,393)**	$	10,688	(281)
Property, plant and equipment and other assets	$	**826,860**	$	720,354	15
Long-term debt	$	**230,333**	$	157,662	46
Unitholders' equity	$	**558,590**	$	560,525	0
MARKET CAPITALIZATION as at December 31, 1999	$	**831,410**	$	521,056	60
NET ASSET VALUE @ 12% as at December 31, 1999	$	**615,340**	$	502,538	22
NET ASSET VALUE PER UNIT as at December 31, 1999	$	**11.47**	$	10.61	8
TRUST UNIT TRADING					
High	$	**16.75**	$	18.45	
Low	$	**10.50**	$	10.00	
Close	$	**15.50**	$	11.00	
Value	$	**204,125**	$	164,628	24
Volume (thousands of units)		**14,457**		12,079	20

UNIT TRADING



Production increased 7% as a result of property acquisitions and development programs at Judy Creek, Weyburn, South Swan Hills, Dunvegan and Monogram. Pengrowth replaced 208% of 1999 production through the purchase of 21 million boe of Established reserves.

OPERATIONAL HIGHLIGHTS

Year ended December	1999	1998	% Change
DAILY PRODUCTION			
Natural gas (thousands of cubic feet)	**61,494**	57,707	7
Crude oil (barrels)	**17,570**	16,695	5
Natural gas liquids (barrels)	**3,927**	3,342	18
Other	**75**	86	(13)
Total production (BOE) 10:1	**27,721**	25,894	7
Total production (BOE) 6:1	**31,821**	29,741	7
TOTAL ANNUAL PRODUCTION (mboe) 10:1	**10,118**	9,451	7
TOTAL ANNUAL PRODUCTION (mboe) 6:1	**11,615**	10,856	7
PRODUCTION PROFILE			
Natural gas	**22%**	22%	
Crude oil	**64%**	65%	
Natural gas liquids	**14%**	13%	
AVERAGE PRICES ($)			
Crude oil (per barrel)	**26.73**	19.65	36
Natural gas (per mcf)	**2.48**	1.78	39
Natural gas liquids (per barrel)	**18.08**	11.71	54
Average price per BOE	**24.95**	17.84	40
ESTABLISHED RESERVES			
Crude oil (mbbls)	**108,543**	105,543	3
Natural gas (bcf)	**302.9**	236.7	28
Natural gas liquids (mbbls)	**17,616**	15,293	15
Total oil equivalent (mboe)	**155,098**	140,073	11
OPERATING COSTS ($)			
Millions	**57.6**	56.5	2
Per boe	**5.70**	5.98	(5)
GENERAL AND ADMINISTRATIVE COSTS ($)			
Millions	**6.0**	5.4	10
Per boe	**0.59**	0.58	2
ACQUISITION COSTS* ($)			
Millions	**141.8**	6.4	2115
Mboe's acquired	**21,082**	698	2920
Per boe	**6.73**	5.99**	(27)

* Before closing adjustments and acquisition fees

** Excluding acquisition of interest in Strachan gas plant ($2.2 mm)

PENGROWTH'S LEADERSHIP TEAM & OFFICERS

GORDON M. ANDERSON
VICE-PRESIDENT, TREASURER

LYNN KIS
GENERAL MANAGER, ENGINEERING AND JOINT INTEREST OPERATIONS

JAMES S. KINNEAR
PRESIDENT AND CHIEF EXECUTIVE OFFICER

CAROL DONALD
ASSISTANT CORPORATE SECRETARY

ROBERT J. WATERS
VICE PRESIDENT FINANCE AND CHIEF FINANCIAL OFFICER

HENRY D. McKINNON
VICE-PRESIDENT, OPERATIONS

CHARLES V. SELBY
CORPORATE SECRETARY

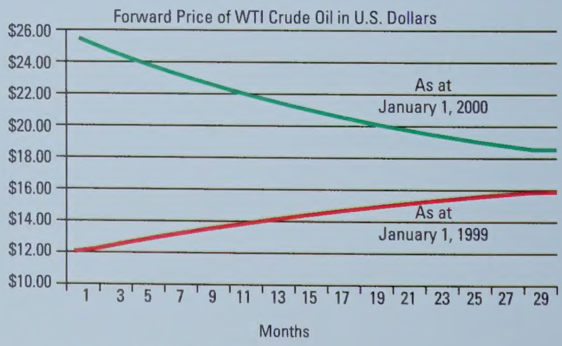
PRESIDENT'S MESSAGE TO OUR UNITHOLDERS

In 1999, Pengrowth EnergyTrust's total distributable income to unitholders was a record $128.2 million, over one-third of the total amount distributed since our inception 11 years ago. The growth in cash flow being distributed to our unitholders reflects two things: our ability to assemble and develop a powerful asset base that rewards our investors throughout the commodity price cycle, and our operating efficiencies.

Our excellent results in 1999 included a seven percent gain in average production to 27,721 barrels of oil equivalent (boe) per day, acquisitions valued at $142 million and a public offering which raised gross proceeds of $79.3 million in an environment of relatively weak oil and gas equity markets. EnergyTrust's results in part reflect the significant recovery in oil and gas prices that severely constrained cash flows and net earnings in the majority of the oil and gas sector in 1998.

World crude oil prices staged a remarkable comeback from the record low levels witnessed during 1998 and early 1999, which were triggered by an economic slowdown in southeast Asia and the re-entry of Iraqi production into world markets. As a result of these events, the price of benchmark West Texas Intermediate crude oil retreated to lows of about US$12 per barrel in December 1998 from the US$18 to US$20 per barrel range in early 1998. These price levels, the lowest in real terms since the Depression of the 1930s, were clearly unsustainable in the current world economic environment.

Fortunately, oil prices rose steadily during 1999, reflecting in part the economic recovery in Asia and Japan and the decision in March 1999 by major oil exporting countries to curtail production. As a result, world inventories have declined at a rate of 300 to 400 million barrels annually, and excess world inventories have essentially been eliminated by the first quarter of 2000. World oil prices have responded favourably to these events, reaching the December, 1999 average of US$27 (C$40) per barrel for WTI, compared to US$12.00 (C$16) per barrel at the end of 1998.



Forward Price of WTI Crude Oil

In early 1999, a significant near-term surplus resulted in spot crude oil trading close to US$12 per barrel level. As a result of the March 1999, OPEC production cutbacks, spot oil prices recovered strongly to the US$27 per barrel level at year-end 1999 due to relatively tight supplies. The longer-term prices did not experience such a wide price variance, and were generally in the range of US$16.00 - 19.00 per barrel.

INVESTING IN PENGROWTH - OUR STRATEGIES FOR INCREASING UNITHOLDER VALUE

INTERVIEW WITH JIM KINNEAR

President and Chief Executive Officer

Q: Pengrowth has very high netbacks each year compared to the rest of the oil and gas sector. What's the secret?

A: There's no secret. Pengrowth's high quality portfolio of properties produce light oil and natural gas which receive above average prices in the marketplace. In addition, Pengrowth remains vigilant in its efforts to control overhead and operating costs. EnergyTrust's combined general and administrative and management fees in 1999 were $1.03 per boe, which was the second lowest in our peer group of energy trusts, according to independent analysts. Our 1999 operating netbacks at $15.09 per boe, were in the first quartile in our peer group. Over the last two years that Pengrowth has operated its own properties, our operating costs per boe have declined to $5.70 per boe from $5.98 per boe.

GAINING ACCESS TO WORLD MARKETS

To remain competitive within our sector, it is imperative that Pengrowth continues to grow, first to offset ongoing depletion, second to provide sufficient market liquidity and the enhanced ability to raise equity capital and third to provide economies of scale which will benefit all unitholders.

Pengrowth Energy Trust, with a total enterprise value of nearly C$1.1 billion, is the largest energy trust in Canada, and one of the largest in the world. While this may be significant in the Canadian industry, from a global perspective this level of capitalization is relatively small. In the last 18 months, management has begun evaluating ways to continue growing the Trust prudently, while adding distributable income and value for all unitholders. To that end, Pengrowth has begun communicating our potential to the United States and international equity markets.

Pengrowth believes that our ability to continue adding to our powerful asset base depends on our ability to access capital markets beyond Canada. In the last decade, we have observed that Canada's share of the global capital markets shrank from three percent to two percent, while the U.S. share of the market has risen to 58 percent from 30 percent. In 2000 we will continue to actively communicate our progress to the international investment community.

In order to place this in perspective, Pengrowth is not seeking to grow just for growth's sake. We have never adopted that philosophy, nor will we in the future. Pengrowth will continue its endeavours to add distributable income and value for its unitholders. It is our goal to continue to provide above average rates of return for our unitholders over long periods of time.

Pengrowth is also looking for ways in which it can capitalize on developments in the new e-commerce business and ways that Pengrowth and its unitholders can benefit from Internet-related activities.

"It is our goal to continue to provide well above average rates of return for our unitholders."

NEW ACQUISITION FEE STRUCTURE

In conjunction with the increased size of the trust and larger acquisitions under consideration, Pengrowth Management Limited and Pengrowth Corporation propose to continue their leadership roles in the industry (subject to unitholder approval) by adopting a sliding scale for the computation of acquisition fees that is similar in principle to the sliding scale for management fees which was implemented in 1997. The acquisition fee which is presently 1.5% of the gross proceeds of all acquisitions will be reduced to a sliding scale of between 0.5% and 1.0%. An acquisition fee of 1% will be calculated on a "Base Amount" of the acquisitions in each year and 0 .5% of the gross proceeds thereafter. The "Base Amount" will be set at $100 million in 2000 and will be increased in each year of the contract that the Manager meets its target of replacing production. If the Manager meets its reserve replacement target the "Base Amount" is adjusted upwards to correspond with the actual cost of reserve replacement in each year. There is no asset disposition fee payable to the Manager.

OUTLOOK

EnergyTrust's positive outlook is sustained in part by our active risk management program that capitalizes on the current strength in oil and gas prices. Pengrowth has sold forward approximately 20 percent of our gas production and 24 percent of our crude oil production in 2000 at approximately $3.00 per mcf for natural gas and C$32.97 per barrel of oil. This risk management program is intended to lock in above-average returns for our unitholders.

The outlook for property acquisitions for EnergyTrust is similarly favourable. Over the past year, Pengrowth witnessed ongoing merger activity within the worldwide pharmaceutical and e-commerce sectors of the economy such as the $160 billion AOL-Time Warner merger and the $76 billion Glaxo Wellcome PLC and Smith Kline Beecham PLC merger. In addition, the international oil and gas industry has been extremely active in consolidations. These included the BP-Amoco combination, valued at US$48 billion, which may be expanded to include Arco and the Exxon-Mobil merger, valued at US$80 billion. These global trends are designed to create world-scale organizations that are able to undertake even the largest projects and benefit from increased economies of scale.

It is anticipated that continuing mergers such as these will result in additional non-core oil and gas properties being put up for sale over the next year or two. Pengrowth views the world oil and natural gas industry as being capital constrained. However, with EnergyTrust's strong balance sheet and track record of acquisitions, Pengrowth is one of the few energy companies and/or trusts in Canada with the ability to raise equity capital in order to capitalize on the availability of assets for acquisition.

ACKNOWLEDGEMENTS

The sincere dedication and excellent performance of all Pengrowth team members plays a major role in our success and their efforts are very much appreciated.

Pengrowth Corporation is also very appreciative of the wise counsel and sound business judgement of its Board of Directors. We regret to announce that Mr. Tom Dobson will be retiring from the Board after serving since our inception 11 years ago. On a personal note, Tom has always been a exceptional Board member, and has provided encouragement to me personally, particularly during some difficult periods and cycles in our business. Pengrowth will miss Tom's sage guidance.

We are pleased to announce that Mr. Thomas Cumming has agreed to stand for election to the Board of Pengrowth Corporation. Mr. Cumming is the former President of the Alberta Stock Exchange (now the Canadian Venture Exchange) and is a leading contributor to the Calgary community.

The patience of our unitholders, many of whom have remained with Pengrowth through varying and challenging commodity price cycles, will continue to be rewarded. EnergyTrust's 11-year compound rate of return to January 31, 2000 averaged 18.7 percent per annum, which is well above average for our industry. Pengrowth is poised to continue to achieve above average returns on behalf of our unitholders.

On behalf of the Board of Directors of Pengrowth Corporation,

Sincerely

James S. Kinnear

JAMES S. KINNEAR

President and Chief Executive Officer
March 9, 2000

Judy Creek Oil Production Complex

A POWERFUL ASSET BASE

OPERATED AND NON-OPERATED ASSETS – EACH ADDS VALUE

Pengrowth's strategy is to create unitholder value through ownership of a combination of operated and non-operated assets that contribute to stable cash flow and distributions to our unitholders.

Pengrowth has a diverse portfolio of both operated and non-operated assets. Although operatorship is a relatively new strategy launched with the acquisition of the Judy Creek assets in 1997, Pengrowth has demonstrated its ability to improve the economics of those properties we acquire and operate. Operatorship gives us the opportunity to maximize the value of probable reserves assigned to our properties. We do this by controlling finding and development costs, which includes managing the pace and cost of drilling, completion, equipping, facilities and tie-ins. At the same time, we are able to lead the optimization of production and introduce efficiencies into operating costs.

In addition, investing in properties operated by some of our industry's larger oil and gas companies allows us to draw on their knowledge and to take advantage of projects associated with long-life reserves and modest operating costs.

"Pengrowth's petroleum and natural gas properties are high quality, long-life assets."

"Pengrowth's properties have a high proportion of proven reserves and significant low-risk development potential."

A LISTING OF PENGROWTH'S MAJOR HOLDINGS

	Reserves mboe	Percent of total reserves	Reserve life index (years)	Value at 12% discount ($ thousands)	Percent of total assets	Oil equivalent production (boepd)	Percent of total production	1999 capital expenditures ($ millions)
Judy Creek BHL Unit	57,103	36.8	15	267,425	31.9	11,361	41.0	6.3
Judy Creek West BHL Unit	13,241	8.5	21	46,879	5.6	2,151	7.8	0.2
Swan Hills Unit # 1	15,992	10.3	20	70,290	8.4	2,123	7.7	0.9
Enchant	7,759	5.0	14	49,473	5.9	1,006	3.6	0.1
Weyburn Unit	8,699	5.6	20	29,453	3.5	1,004	3.6	1.9
McLeod River	6,153	4.0	10	52,027	6.2	297	1.1	0.9
Dunvegan Gas Unit	4,689	3.0	18	22,984	2.7	701	2.5	0.9
Strachan Leduc D-3 Gas Unit # 1	3,480	2.2	8	21,441	2.6	868	3.1	0.5
Hanlan Swan Hills Pool Gas Unit # 1	2,902	1.9	11	20,332	2.4	886	3.2	0.8
Monogram Gas Unit	2,824	1.8	9	27,496	3.3	808	2.9	0.7
Other Swan Hills	7,289	4.7	20	29,061	3.5	1,174	4.2	1.5
Other S.E. Saskatchewan	4,682	3.0	14	19,480	2.3	959	3.5	1.1
Other Shallow Gas	3,322	2.1	14	20,877	2.5	652	2.4	0.6
Other	16,963	10.9	13	160,352	19.1	3,731	13.4	1.3
Total	155,098	100.0%	15	837,570	100.0%	27,721	100.0%	17.7

A SNAPSHOT SUMMARY OF PENGROWTH'S MAJOR PROPERTIES

MAJOR OPERATED PROPERTIES

Judy Creek
World-class light crude oil property
Numerous opportunities to maximize value

McLeod River
Multiple targets with high quality gas reserves

Enchant
Predictable, low cost oil operation producing high quality oil

Strachan
Massive reservoir with long-life gas reserves

MAJOR NON-OPERATED PROPERTIES

Swan Hills
High quality crude oil reserves

Dunvegan
Liquids-rich gas property with development drilling opportunities

Hanlan
Deep, sour natural gas reservoir with a large volume of original gas-in-place

Weyburn
Carbon dioxide miscible flood on schedule to commence in fourth quarter of 2000

FOCUS: MAJOR OPERATED PROPERTIES

HENRY MCKINNON
Vice-President, Operations

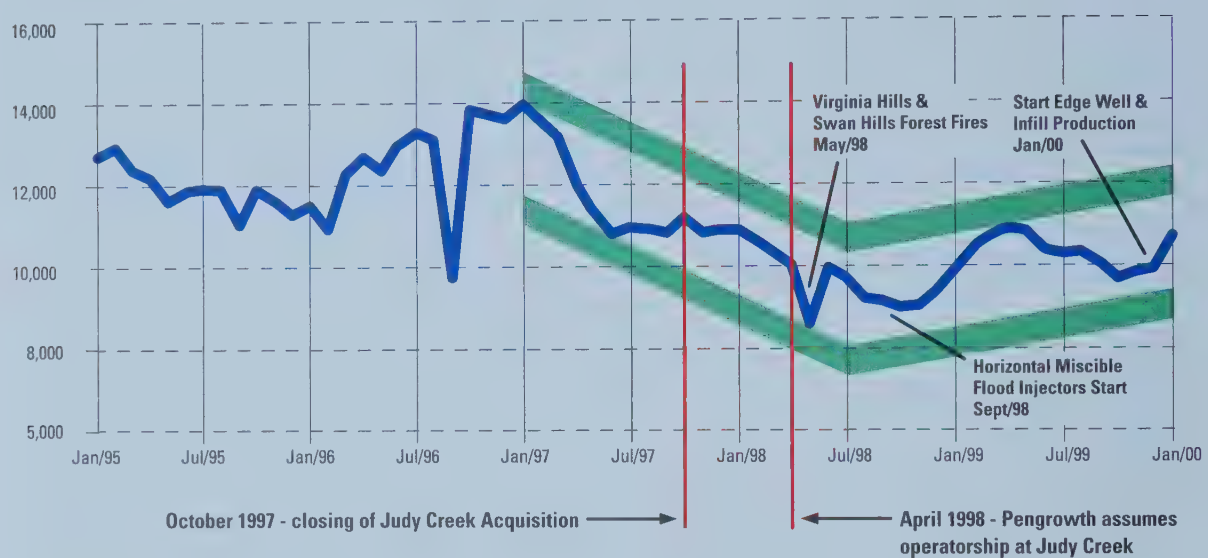
ROSS ANDREWS
Joint Venture Consultant

NEIL WALLISER
Manager, Joint Venture

TANIA BARKLEY
Administrative Assistant, Operations

JUDY CREEK OPERATIONS

TOTAL CRUDE OIL PRODUCTION FROM JUDY CREEK A and B POOLS
(BOPD)



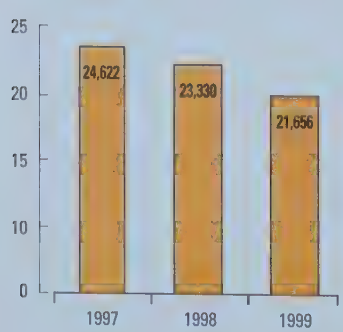
SNAPSHOT

- 1.1 billion barrels in place – one of Canada's largest resources
- 446.8 million barrels produced to December 31/99 42% of oil in place
- High quality reservoir
- High quality oil (40° API)
- Long life reserves
- Numerous opportunities for development

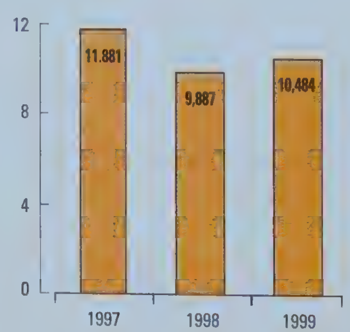
Through our miscible flood and edge well drilling programs the Judy Creek A and B pools are proving to be quality assets. Pengrowth's challenge is to continue applying both known and new technologies in a way that maximizes the value of this asset to our unitholders.

Pengrowth has reversed production declines at Judy Creek and achieved a 6% increase in overall oil production during 1999 through a combination of optimization strategies, including the miscible flood program, edge well and infill drilling. Pengrowth continues to farm out higher risk shallow gas prospects and expand our gas gathering systems to maximize gas processing capacity.

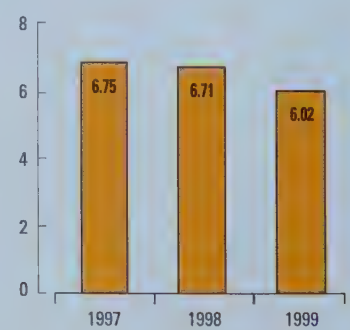
OPERATING COSTS*
(thousands $)



CRUDE OIL SALES*
(bbl/d)

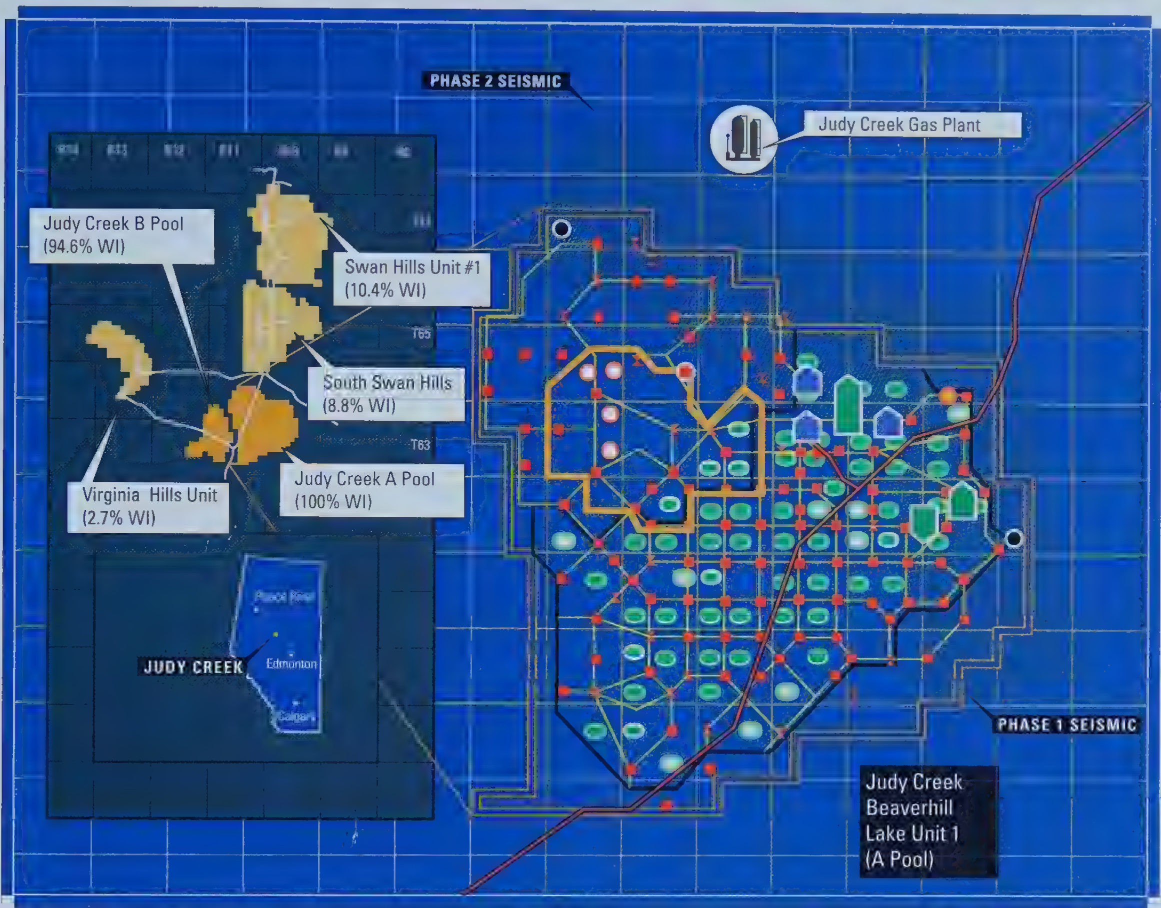


DIRECT CRUDE OIL LIFTING COST*
($/bbl oil)



* Applicable to crude oil production only. Excludes operating costs associated with the Judy Creek Gas Plant and the natural gas and NGL production from Judy Creek.

"The miscible flood program has been successful."

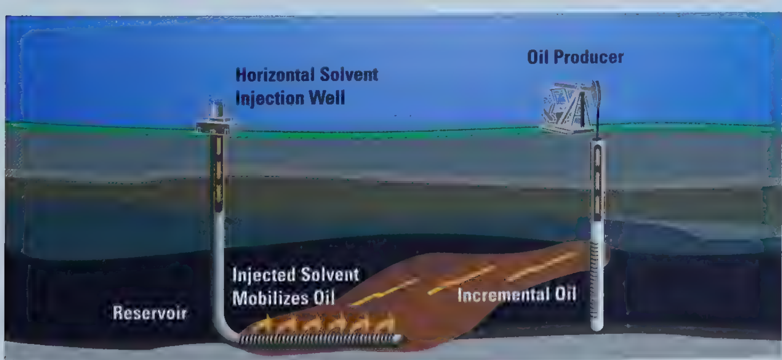


- Operated
- Non-operated
- Edge well
- ESP Producer
- Potential edge well drilling site
- Potential NW development
- NW development well
- Rod Pump Producer
- Solvent Injector
- Mature Solvent Injector
- Shut In Solvent Injector
- Potential NW development wells
- Horizontal miscible injection wells (05-08, 05-33, 15-33)
- Horizontal miscible injection wells (15-05, 15-06, 07-07)

MISCIBLE FLOOD

Miscible flooding is an enhanced oil recovery process which is used after water flooding to further increase oil recovery. In addition to the water, however, a combination of methane, ethane and a minor amount of propane are injected into the reservoir. These fluids mobilize and release additional oil from the reservoir.

A miscible flood using horizontally drilled wells will recover oil more efficiently than vertically drilled miscible injector wells in a reservoir with the characteristics of Judy Creek. In a vertical well, the injected solvent quickly moves to the top of the reservoir, limiting its efficiency. By placing a horizontal injection well along the bottom of the reservoir, the solvent sweeps a significantly larger portion of the reservoir, forcing incremental amounts of oil to the wellbore.



Miscible flood technology recovers oil more efficiently than vertically drilled wells in some areas.

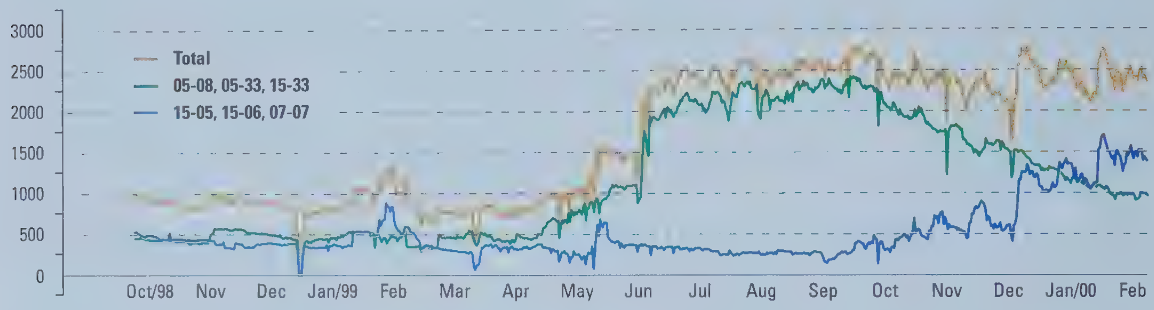
NORM SCHULTEIS
Consultant, Geologist

GLORI COWAN
Consultant, Geologist

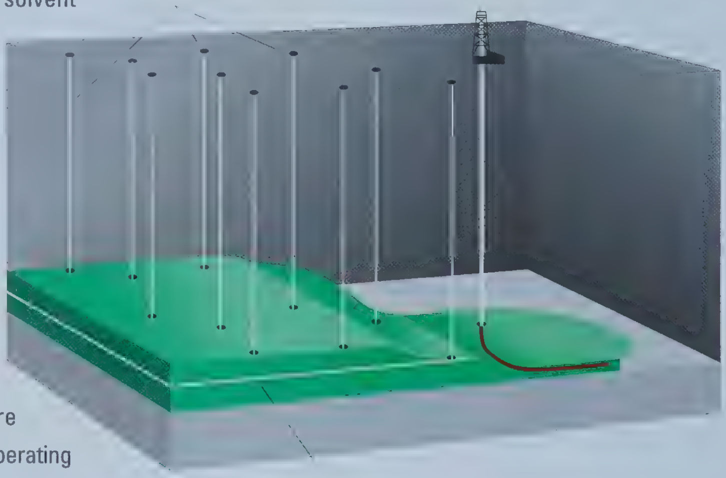
RENEE LEE
Geological Technician

JOHN HALBAUER
Consultant, Geophysicist

HORIZONTAL WELL MISCIBLE INJECTOR PATTERN PERFORMANCE



The Judy Creek miscible flood was very active in 1999. Each of the six horizontal miscible injectors drilled in 1998 underwent solvent injection. Through 1999, solvent injection was completed in the first three horizontal injectors (05-08, 05-33 and 15-33) and initiated in the remaining three wells (15-05, 15-06 and 07-07) in mid-1999. The latter three horizontal injectors will complete solvent injection in mid-2000. In total, the horizontal miscible patterns added 1,740 bbls per day to 1999 oil production (please refer to the above miscible injector pattern performance curves). Two or three miscible injectors are planned for 2000 to keep our miscible station operating at capacity.



EDGE WELLS DRILLED

A three-dimensional seismic survey was completed over 66 square kilometres (41 square miles) of the Judy Creek "A" Pool in early 1999. Following processing and interpretation, two edge well locations were drilled in the fourth quarter. The first location at 22-64-11W5 was abandoned after production tests indicated that it had previously been swept by the waterflood. The second location at 34-63-10W5 was completed successfully as an oil well. The well is currently on production at 250 bbls of oil per day.

Pengrowth is re-interpreting the seismic data using the additional geological information gained through the 1999 edge well drilling. Pending the outcome of this evaluation, additional edge well drilling opportunities will be targeted in 2000.

Also in 1999 the first steps were taken to further develop in the northwest quadrant of "A" pool with the drilling of an infill producer at 08-02-64-11W5. This well is currently producing approximately 380 bbls of oil per day. Pengrowth expects to drill additional infill wells in the northwest area of Judy Creek "A" Unit in 2000.

ering

MURRAY ELLIS
Senior Production Engineer

Judy Creek Production Complex

Judy Creek Gas Processing Complex

RON SHANNON
Manager, Oil Business Unit

RANDY FUGLERUD
Environmental Coordinator

HAL HANRIEDER
General Manager

TERRY MARTIN
Human Resources Coordinator

BOB ROCK
Safety Coordinator

RICHARD GRANT
Manager, Projects

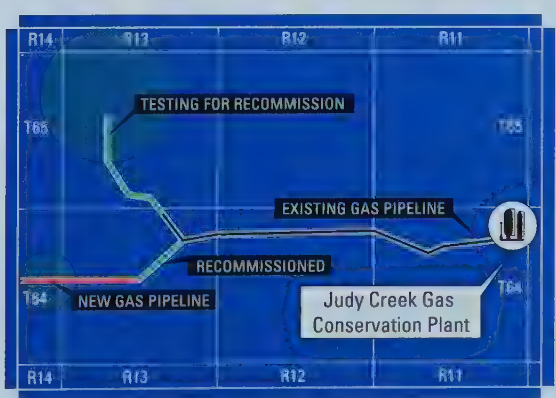
TERRY FONG
Accounting Supervisor

ROD MACHULA
Manager, Gas Business Unit

MARIO STRUIK
Manager, Business Development

CAPACITY UTILIZATION INITIATIVES

To maximize facility utilization, Pengrowth has developed an ongoing program to attract third-party natural gas for custom processing. This includes expanding a portion of the gas gathering pipeline system. Twelve kilometres (7.5 miles) of suspended lines are being recommissioned, and eight kilometres (5 miles) of new pipeline are being installed. Six new gas wells will be tied-in immediately with initial production of approximately 5 mmcf per day. There are several additional wells under review.



Expansion of Natural Gas Gathering Systems

Third-Party Natural Gas Development

NORM SCHULTEIS
Consultant, Geologist

GLOR
Consu

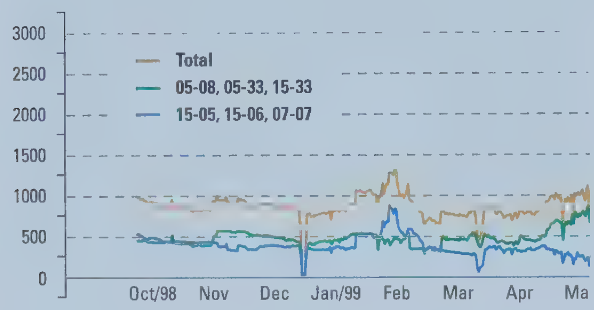
CONRAD HARTY
Plant Operator

ROY GERTZ
Control Room Operator

RANDY LAWRIE
Plant Operator

CRAIG JOHNSON
Operations Foreman

HORIZONTAL WELL MISCIBLE INJECTOR PATTE
OIL (BPD)



ROD CAREW
Instrument/Electrical

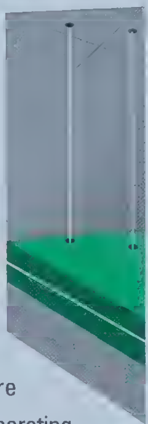
TREVOR KEDDIE
Instrument/Electrical

MITCH SHARP
Instrument/Electrical

DARREN TETLOCK
Instrument/Electrical

KEN WORKMAN
Trades Team Leader

The Judy Creek miscible flood was very active in 1999. Each of the six horizontal miscible injectors drilled in 1998 underwent solvent injection. Through 1999, solvent injection was completed in the first three horizontal injectors (05-08, 05-33 and 15-33) and initiated in the remaining three wells (15-05, 15-06 and 07-07) in mid-1999. The latter three horizontal injectors will complete solvent injection in mid-2000. In total, the horizontal miscible patterns added 1,740 bbls per day to 1999 oil production (please refer to the above miscible injector pattern performance curves). Two or three miscible injectors are planned for 2000 to keep our miscible station operating at capacity.



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Akita Drilling Rig #40 drilling the first miscible injector well at Judy Creek.

ering

MURRAY ELLIS
Senior Production Engineer

DEB DANYLUK
OBU Administration Assistant

GARRY GIVENS
Maintenance

DALE HUTCHINSON
Maintenance

NIGEL COOK
Maintenance

Judy Creek Gas Processing Complex

JOHN HESTERMANN
Team Leader

PAT KLETZEL
Plant Operator

DARCY CORNELSSEN
Plant Operator

STU SLAGER
Plant Operator

ROB MCKINNON
Plant Operator

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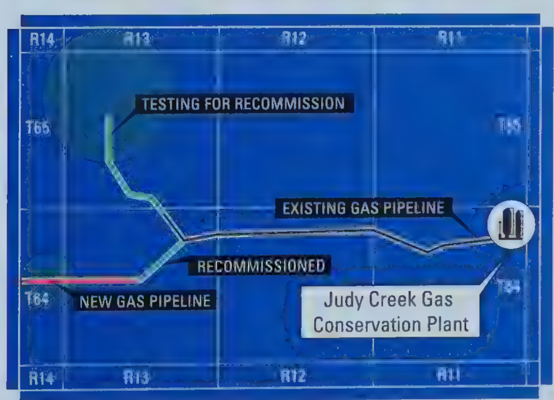


Expansion of Natural Gas Gathering Systems

Third-Party Natural Gas Development

CHAD MUSSELWHITE
Reservoir Engineer

DALE JOHNSON
Reservoir Engineer

ROB MORIYAMA
Team Leader, Reservoir Engineering

KEVIN GUNNING
Reservoir Engineer

LISA TELANG
Reservoir Engineer

NORM SCHULTEIS
Consultant, Geologist

GLOR
Consu

PERRY TEPLYSKE
Instrument Technologist

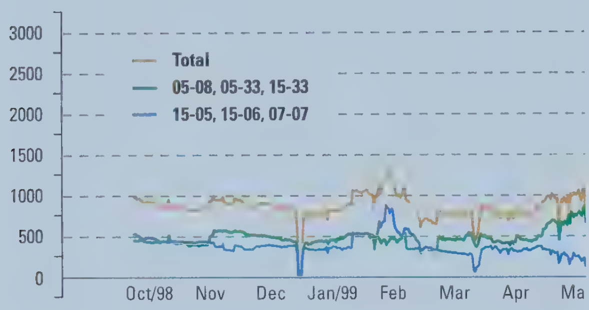
DON CRAIG
Instrument Technologist

TED PELECH
Instrument/Electrical Technologist

DAVID PEACHMAN
Instrument/Electrical Technologist

RANDY TROFIMUK
Instrument/Electrical Technologist

HORIZONTAL WELL MISCIBLE INJECTOR PATTEI
OIL (BPD)



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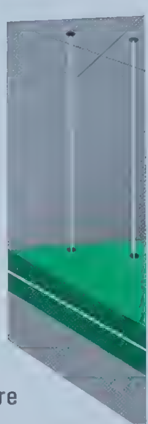

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ROB CRAMER
Millwright

BERNIE GAUMONT
Millwright

RANDY STEELE
Oil Business Unit
Maintenance Foreman

ROB VANLOENEN
Millwright

Judy Creek Gas Convservation Plant

JIM HAM
Manager,
Materials & Services

CORRINE RAULT
Procurement Specialist
Consultant

ALAN GATIN
Production Engineering
Consultant

MURRAY ELLIS
Senior Production
Engineer

Judy Creek Gas Processing Complex

JUDY CREEK GAS PROCESSING COMPLEX

The Judy Creek gas processing complex was successful in lowering operating costs and increasing throughput volumes in 1999. During the year unit operating costs declined by 23%.

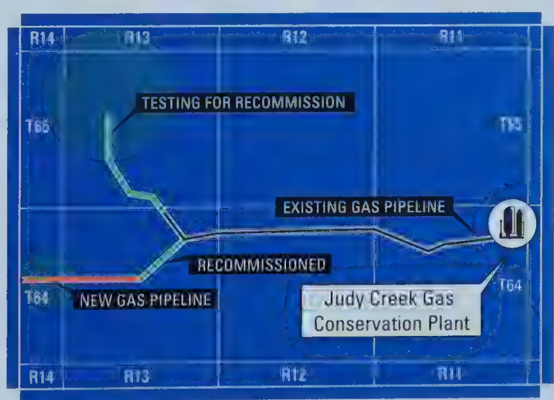
Pengrowth and its partners are proceeding to decommission three of the seven Judy Creek plants. Pengrowth has assessed this opportunity carefully over the last two years to ensure that these plants will not be needed in the future as our program of drilling and developing new production in the area escalates. It was concluded that efficiencies developed in the other four plants in the last few years will provide ample capacity to handle the most optimistic development plans. The elimination of unnecessary equipment and its related expense also reduces the operating cost of the remaining facilities, which translates into a longer economic life for production from the area.

2000 OPTIMIZATION PROJECT

One of Pengrowth's gas plant projects in 2000 will be the replacement of a 13,500 large capacity horse power electric-drive compressor which has become inefficient due to excessive gas recycling through the compressor. The resulting decreased electrical power consumption is expected to reduce gross operating costs by $2.8 million per year ($1.4 million net to Pengrowth) and will utilize three surplus natural gas driven compressors.

CAPACITY UTILIZATION INITIATIVES

To maximize facility utilization, Pengrowth has developed an ongoing program to attract third-party natural gas for custom processing. This includes expanding a portion of the gas gathering pipeline system. Twelve kilometres (7.5 miles) of suspended lines are being recommissioned, and eight kilometres (5 miles) of new pipeline are being installed. Six new gas wells will be tied-in immediately with initial production of approximately 5 mmcf per day. There are several additional wells under review.



Expansion of Natural Gas Gathering Systems

Third-Party Natural Gas Development

1999 OPERATED ASSET ACQUISITIONS

MCLEOD RIVER

1999 ACTIVITIES

- Acquired by Pengrowth in October, 1999
- Interest in 46 producing wells and three gas plants
- High quality gas production
- 1999 average natural gas production of 11.5 mcf/d and NGL production of 394 bpd net to Pengrowth since acquisition
- Development drilling and workover potential

2000 PLANNED ACTIVITIES

- 8 potential drilling locations (additional locations under review)
- Installation of compression at 13-30-56-14W5
- Workover opportunities

STRACHAN LEDUC D-3 GAS UNIT NO. 1

1999 ACTIVITIES

- Acquired 53.5% bringing total working interest to 71.67%
- 1999 average daily natural gas production of 7,537 mcf/d and NGL production of 342 bpd net to Pengrowth since acquisition
- Long life reserves
- High quality gas production

2000 PLANNED ACTIVITY

- Re-entry of the existing 10-21 well

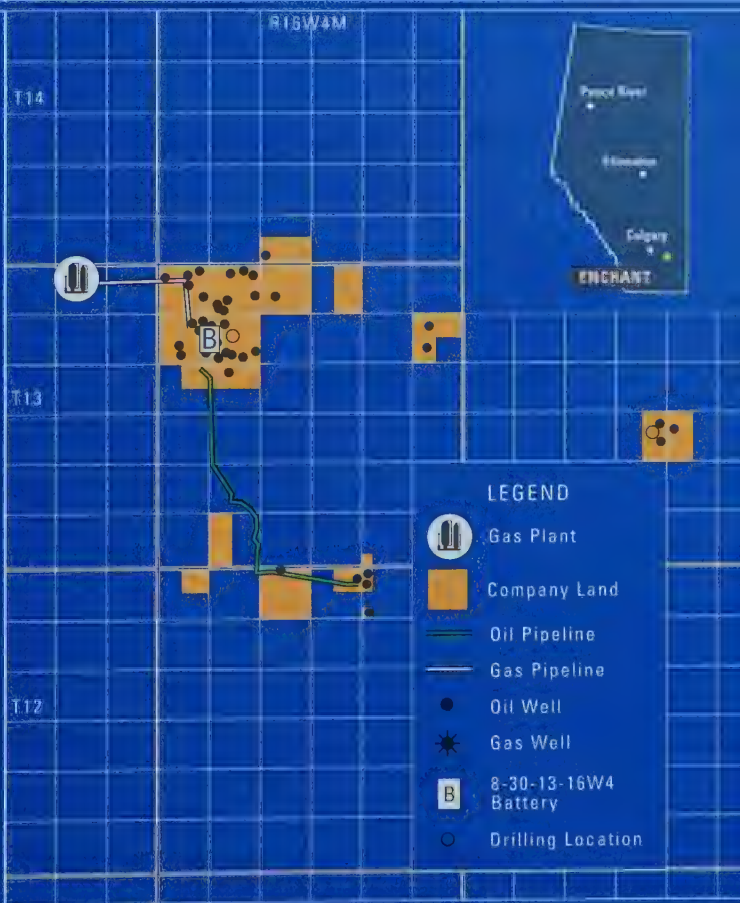
ENCHANT

1999 ACTIVITIES

- 96% average working interest
- 1999 average daily oil production of 1,419 bpd, natural gas production of 733 mcf/d and NGL production of 5 bpd net to Pengrowth since acquisition
- High quality oil (32° API)
- Waterflood optimization opportunities

2000 PLANNED ACTIVITIES

- Drill two potential oil wells (100% W.I.) with follow-ups if successful
- Drill a potential oil well in Arcs Unit No. 2 (55% W.I.)



RESERVES RECONCILIATION

RESERVES	Proved	Proved & Probable	Established
	Thousands of Barrels of Oil Equivalent (mboe)		
December 31, 1997	125,117	164,807	144,962
Exploration and development*	5,494	2,810	4,151
Acquisitions	624	772	698
Dispositions	(216)	(359)	(287)
Production	(9,451)	(9,451)	(9,451)
December 31, 1998	121,568	158,579	140,073
Life index (years)	13.8	17.1	15.5
December 31, 1998	121,568	158,579	140,073
Exploration and development*	4,007	5,527	4,769
Acquisitions	17,200	24,964	21,082
Dispositions	(587)	(825)	(708)
Production	(10,118)	(10,118)	(10,118)
December 31, 1999	132,070	178,127	155,098
Life index (years)	13.1	16.9	15.1

*Includes revisions

SUMMARY OF RESERVES AT DECEMBER 31, 1999*

	Gross Interest Reserves				Estimated Future Net Cash Flow Before Income Tax ($000)		
	Natural Gas (bcf)	Crude Oil (mbbls)	Natural Gas Liquids (mbbls)	BOE (mbbls)	0%	Discounted at 12%	15%
Proved							
Producing	227.1	65,751	12,787	99,826	$ 1,236,254	$ 629,128	$ 568,177
Non-Producing	31.5	26,586	2,351	32,244	$ 358,038	$ 100,517	$ 74,369
Total Proved	258.6	92,337	15,138	132,070	$ 1,594,292	$ 729,645	$ 642,546
Probable (50 %)	44.3	16,206	2,478	23,028	$ 372,587	$ 107,925	$ 89,182
Total Established	302.9	108,543	17,616	155,098	$ 1,966,879	$ 837,570	$ 731,728

*Based on Gilbert Laustsen Jung Associates Ltd. (GLJ) reserve evaluation report effective December 31, 1999. Note: GLJ bases its reserves on the following conversion factors: crude oil 1:1; natural gas 10:1; and natural gas liquids 1:1 with the exception of ethane which is 2.6:1.

RESERVE PRICING FORECAST

Price Assumptions*		Crude Oil		Natural Gas	Alberta Natural Gas Liquids		
	C$/US$ Exchange Rate	WTI @ Cushing (US$ per bbl)	Light, Sweet @ Edmonton (C$ per bbl)	Alberta Average (C$ per mmbtu)	Spec Ethane (C$ per bbl)	Edmonton Propane (C$ per bbl)	Edmonton Butane (C$ per bbl)
2000	0.69	24.00	33.50	2.95	10.25	23.50	25.50
2001	0.70	20.00	27.50	2.85	10.00	16.50	17.50
2002	0.71	20.00	27.00	2.55	8.75	16.00	17.00
2003	0.72	20.00	26.50	2.55	8.75	15.50	16.50
2004	0.73	20.50	27.00	2.55	8.75	16.00	17.00
2005	0.73	20.75	27.50	2.55	8.75	16.50	17.50
2006	0.73	21.00	27.75	2.55	8.75	16.75	17.75
2007	0.73	21.50	28.25	2.60	9.00	17.25	18.25
2008	0.73	21.75	28.75	2.65	9.25	17.75	18.75
2009	0.73	22.00	29.25	2.70	9.50	18.25	19.25
2010	0.73	22.50	29.50	2.75	9.50	18.50	19.50
2011+	0.73	+1.5%/yr	+1.5%/yr	+1.5%/yr	+1.5%/yr	+1.5%/yr	+1.5%/yr

* Gilbert Laustsen Jung Associates Ltd. price assumptions effective March 1, 2000

BRENDA GREGOIRE Consultant, Geologist
LYNN KIS General Manager, Engineering
LESLIE MCCAWLEY Senior Engineering Technician
GAIL ANSON Administrative Assistant, Engineering
LARRY DZUIBA Senior Technologist Consultant

	Year Ended Dec. 31. 1999	Year Ended Dec. 31. 1998	Year Ended Dec. 31. 1997
Total development expenditures ($mm)	17.7	34.9	17.5
Total Established reserve additions including revisions and excluding acquisitions (mboe)	4,061	3,864	6,954
Average on stream cost per boe	4.36	9.03	2.52
Total acquisition expenditures ($mm)	141.8	6.4	528
Total Established reserve additions from acquisitions net of Ghost Pine (mboe)	21,082	698	99,143
Average acquisition cost per boe	6.73	5.99*	5.33
Total finding and development costs ($mm)	159.5	41.3	545.5
Total Established reserve additions including revisions (mboe)	25,143	4,562	106,097
Average acquisition, finding and development cost per boe	6.34	8.57*	5.14

* Excluding $2.2 mm acquisition interest in Strachan gas plant which had no reserves associated with it.

RECYCLE RATIO

	1999	1998	1997	1996	1995
Operating netback per boe*	**$ 15.09**	$ 9.55	$ 13.28	$ 13.18	$ 11.04
F&D Costs per boe**	**$ 6.34**	$ 8.57	$ 5.14	$ 6.33	$ 4.11
Recycle Ratio***	**2.4**	1.1	2.6	2.1	2.7

* The Operating Netback is calculated by subtracting royalties, operating costs, and injectant amortization from revenue generated by oil and gas sales.
** Finding and Development ("F&D") costs represent the cost of acquiring and developing Established reserves.
*** The Recycle Ratio is a measure of the efficiency in which new reserves are added. It is defined as the Operating Netback divided by the F&D Cost.

MAJOR NON-OPERATED PROPERTIES

Lower oil prices experienced during the first half of 1999 resulted in a low level of development activity for Pengrowth's non-operated properties. Operators drastically curtailed their capital spending programs by deferring projects and concentrating on reducing operating costs and increasing operating efficiencies.

In comparison, the year 2000 promises to be very exciting in terms of development plans. The following is an outline of some of the projects anticipated during the year.

Swan Hills Unit No. 1

Pengrowth holds a 10.4% working interest in this unit operated by Anderson Exploration. The unit is under an active miscible flood program and production volumes during 1999 averaged 2,123 boe per day net to Pengrowth. Development plans for 2000 include an expansion of the miscible flood program, as well as the drilling of two waterflood infill wells, two re-entry wells and one horizontal miscible injection well.

Weyburn Unit

PanCanadian is the operator of the Weyburn Unit in which Pengrowth has a 5.18% working interest. The unit was developed in 1963 in order to conduct a waterflood scheme. The waterflood has been extremely successful and over the past few years, the application of horizontal drilling technology has increased both the production rate and the ultimate recovery.

JULIE LEFLER
Land Administrator

LISE PITT
Manager, Land Administration

KENDRA GRIFFITHS
Records Clerk

PanCanadian plans to conduct an active development program in 2000 to expand the existing waterflood program and to prepare for the commencement of a carbon dioxide miscible flood. The development program encompasses both horizontal and vertical well drilling, injection well conversions, waterflood re-alignment and the associated infrastructure.

The carbon dioxide miscible flood is designed to significantly increase the recovery factor in the pool and injection is anticipated to commence in the fourth quarter of 2000. Conservative estimates indicate an incremental recovery potential of over 140 million barrels (7 million barrels net to Pengrowth).

Dunvegan Gas Unit No. 1

Pengrowth holds a 7.97% working interest in the Dunvegan Gas Unit operated by Anderson Exploration. The unit covers most of the Dunvegan gas field and the majority of reserves are found within the Mississippian Debolt formation.

Pengrowth's yearly average net production volumes increased 10% from 635 boe per day in 1998 to 701 boe per day in 1999. During the last quarter of 1999 production volumes increased to 806 boe per day primarily as a result of recompletions in the secondary gas zones. The operator's plans for 2000 include drilling four wells and another ten recompletions.

Hanlan Swan Hills Pool Gas Unit No.1

Petro-Canada operates the Hanlan Gas Unit, where production is from the Swan Hills A and B pools. The pools are large, as evidenced by geological mapping and material balance calculations indicating a combined original gas in place of approximately 1.6 trillion cubic feet. Pengrowth holds a 7.78% working interest in this unit which produced 8.6 mmcf per day net to Pengrowth during 1999. The operator intends to install additional compression in the B pool during the first quarter of 2000 to mitigate reserve drainage away from the unit. It is anticipated that the added compression will recapture approximately 9 billion cubic feet of gas (0.7 bcf net to Pengrowth).

HEALTH, SAFETY AND ENVIRONMENT

Pengrowth is committed to protecting the health and safety of our employees and the public, as well as preserving the quality of the environment. Pengrowth has declared its support for the Environment, Health and Stewardship Program initiated by the Canadian Association of Petroleum Producers. This program is a commitment to industry and individual company excellence in health, safety and environmental performance and will facilitate communication to all stakeholders.

Health and Safety

In 1999, Pengrowth had no employee or contractor lost-time injuries or recordable injuries, which is an exceptional achievement for an organization of our size and activity level. An orientation and safety handbook was developed and all critical procedures were updated.

Environment

Pengrowth's goal is to reduce emissions by improving the efficiency of our operations. Corporation has taken steps to reduce benzene emissions from glycol dehydrators. Currently 100% of Corporation's operated dehydrators are in compliance with voluntary emissions targets. A plan has been developed to ensure that new gas flaring requirements are effectively managed. Significant progress was made toward implementing comprehensive inspections and upgrading programs targeted at improving the integrity of our surface piping, storage tanks and underground pipelines.

During 1999, Pengrowth had an active well abandonment and site restoration program. Pengrowth continued to assess and remediate sites impacted by historic operations, with a primary focus on flare pit removal.

MARKETING

Crude Oil

Pengrowth significantly altered the manner in which it markets its crude oil production during 1999. In previous years, Pengrowth was not a direct shipper, and as such, allowed marketers and refiners to purchase crude oil directly from the lease site. On October 1, 1999, Pengrowth began shipping and marketing approximately 82% of its crude oil production on a direct basis, realizing premiums to the Edmonton-posted crude oil prices.

NIKKI TUVESON
Marketing Representative

JUDITH MILNE
Manager, Oil & Gas Marketing

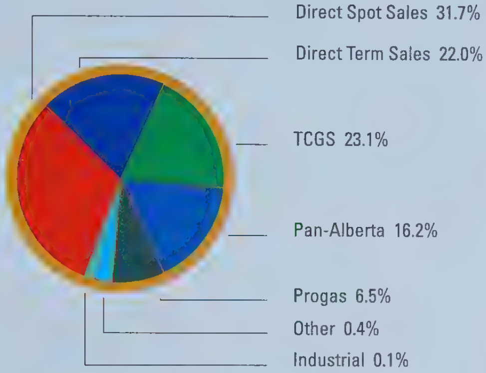
JOHN HULECKI
Consultant

EMILY NICKLE
Programmer Analyst

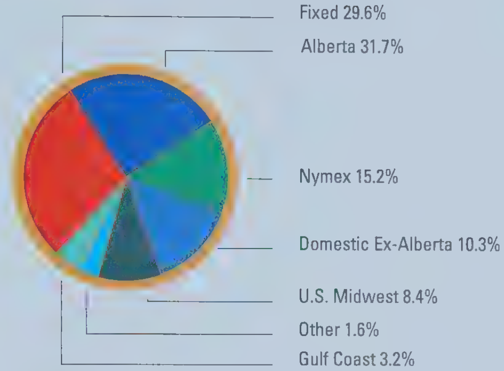
CLAY RADU
Manager, Information Systems

SHANE BRADLEY
Technical Services Analyst

NATURAL GAS SALES
by CUSTOMER
(percentages)



NATURAL GAS SALES
by PRICE STRUCTURE
(percentages)



Light sweet crude oil represents approximately 89% of Pengrowth's portfolio while medium types make up the other 11%. The average grade of Pengrowth's production is a very high 40° API and Pengrowth's quality differential from Edmonton Light Sweet crude averaged $0.56 per bbl for 1999.

Pengrowth's 1999 average crude oil price increased 36% from C$19.65 per bbl in 1998 to C$26.73 per bbl in 1999. In comparison, West Texas Intermediate crude increased 34% from US$14.43 in 1998 to US$19.30 in 1999.

The outlook for crude oil in 2000 is expected to remain strong, due to global economic recovery, decreased inventory levels and increased demand.

Natural Gas

During 1999, Pengrowth sold approximately 46% of its natural gas to aggregators under long-term, reserve-dedicated contracts with netback arrangements. The remaining 54% was sold either to marketing companies or through direct sales based on a combination of fixed and AECO index prices. Fixed-price terms are generally for two and three year periods.

Geographically 43% of production was sold within Alberta, 14% was transported to Eastern Canada, while the other 43% was marketed in the United States. Pengrowth has firm transportation on the Nova and Northwestern Utilities Pipeline systems in Alberta, whereas marketers and aggregators cover our sales destinations outside of Alberta.

Pengrowth's average plant gate natural gas price for 1999 was C$2.48 per mcf, an increase of 39% from the 1998 average price of C$1.78 per mcf. Pengrowth's average natural gas price increased due to higher fixed price contracts and a strengthening in the NYMEX and Canadian markets. The average 1998 NYMEX price was US$2.07 per mmbtu , while the 1999 average was US$2.27 per mmbtu, a 10% increase. In comparison, natural gas prices in Canada strengthened by 45% with AECO monthly index prices increasing from C$2.04 per mcf in 1998 to C$2.96 per mcf in 1999. Some of Pengrowth's fixed-price summer contracts did not realize the full AECO price increase, which mainly occurred in the later part of 1999.

Natural gas prices in Alberta are expected to remain strong throughout 2000. Canadian gas supply is not expected to be adequate to fill the incremental export pipeline capacity. In addition, the demand for natural gas south of the border continues to increase with new natural gas fired electrical generating facilities coming into operation.

Natural Gas Liquids

Pengrowth's natural gas liquids price increased 54% from C$11.71 in 1998 to C$18.08 in 1999, a direct reflection of the increased strength in the propane market south of the border at Mt. Belvieu. The differential of Mt. Belvieu to Edmonton-posted crude oil prices continued to widen during the latter part of 1999 primarily due to a lack of propane in the United States. Pengrowth has a long term supply contract for approximately 76% of its total natural gas liquids production which pays the higher of these two markets.

LIANNE BIGHAM
Controller

ROBERT WATERS
Vice-President Finance and Chief Financial Officer

KATHY FIDYK
Senior Accountant

GORDON ANDERSON
Vice-President, Treasurer

The following discussion and analysis of financial results should be read in conjunction with the consolidated financial statements for the year ended December 31, 1999 and is based on information available at February 28, 2000.

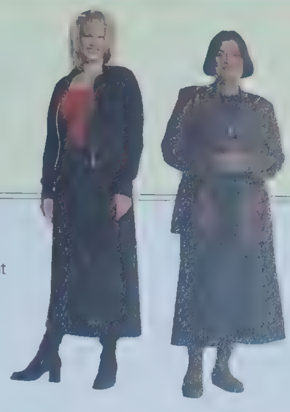
OVERVIEW

- Pengrowth had a record year, as distributable income increased 63% from $1.525 per unit in 1998 to $2.486 per unit in 1999. This increase is primarily due to the 36% improvement in crude oil prices, as crude oil represented 64% of total production during the year. Pengrowth also realized a 39% increase in natural gas prices and a 54% increase in the price of natural gas liquids.
- In addition, production increased 7% from 25,894 boe per day in 1998 to 27,721 boe per day as a result of property acquisitions and development programs at Judy Creek, Weyburn, South Swan Hills, Dunvegan, and Monogram.
- Pengrowth completed the purchase of seven properties in 1999 for net cash consideration of $142 million. These acquisitions have replaced over 208% of 1999 production at an average cost of $6.73 per boe on an Established reserves basis.
- In May 1999, Pengrowth completed a public offering of 6,120,000 trust units at $12.95 per unit, which raised gross proceeds of $79.3 million
- Pengrowth has a new financial statement presentation format this year, consolidating the accounts of Pengrowth Energy Trust ("EnergyTrust") and Pengrowth Corporation ("Corporation"). The new presentation format is designed to enhance financial disclosure and improve comparability to other investments.

PENGROWTH ENERGY TRUST
MONTHLY DISTRIBUTIONS TO UNITHOLDERS
Monthly Distribution per Trust Unit

Distributions earned in 1998 were paid to unitholders from March 1998 to February 1999.

Distributions earned in 1999 were paid to unitholders from March 1999 to February 2000.



TAMMY VAIL Accounting Clerk
FARYAL KHAWAJA Accounting Consultant

RESULTS OF OPERATIONS

Oil and Gas Sales

$ millions	1999	1998	% Change
Crude oil	**$ 171.4**	$ 119.8	43
Natural gas	**55.7**	37.4	49
Natural gas liquids	**25.9**	14.3	81
Sulphur	**0.3**	0.1	200
Less GORR royalties	**(5.3)**	(3.4)	56
Gas processing and brokering	**4.4**	0.6	633
Total oil & gas sales	**$ 252.4**	$ 168.8	50%

Oil and Gas Sales

Pengrowth's oil and gas sales increased 50% from $168.8 million in 1998 to $252.4 million in 1999. This increase in revenue reflected higher prices for crude oil and natural gas, combined with higher production volumes. The increase in crude oil prices during the year accounted for much of the overall increase in sales.

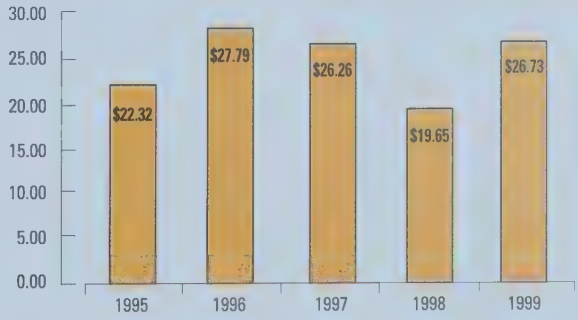
Crude Oil Sales

Crude oil prices increased 36% from 1998 levels in response to tightening OPEC supply and continued increase in global demand. Pengrowth has a high quality crude oil with an average API of 40°. Approximately 89% of Pengrowth's crude oil is classified as "light sweet" which commands a higher price in the marketplace than the medium and heavy grades of crude that are also common in the Western Canadian Sedimentary Basin.

Pengrowth's crude oil is marketed through annual supply contracts based on a negotiated premium over Edmonton-posted prices that fluctuate daily with world oil markets. In 1999, Pengrowth had 246,000 of crude oil hedged at an average price of C$32.28 per bbl. As spot prices exceeded this hedge position, an opportunity cost of $1.1 million is reflected in 1999 oil sales.

Crude oil production increased 5% from 16,695 bbls of oil per day in 1998 to 17,570 bbls of oil per day in 1999. This increase can be attributed to the purchase of interests in oil producing properties at Meekwap and Enchant which occurred in April and the purchase of an additional interest in Swan Hills which occurred in June. In addition, a successful development program assisted in offsetting natural reservoir decline at Judy Creek.

CRUDE OIL PRICE - AVERAGE ANNUAL
(C$/bbl)



Assuming no further acquisitions, Pengrowth's crude oil production is expected to increase slightly in 2000 as the full year impact of the 1999 acquisitions and development program take effect. Pengrowth has fixed the price of 4,243 bbls per day of crude oil in 2000 (representing 24% of estimated oil production) at a price of C$32.97 per bbl.

Natural Gas and NGL Sales

Despite warmer than normal winter temperatures, natural gas prices remained strong throughout 1999 as increased export pipeline capacity improved access to U.S. markets. Pengrowth's natural gas price increased 39% from $1.78 per mcf in 1998 to $2.48 per mcf in 1999, reflecting an improvement in the prices received from direct sales, fixed price contracts, and prices realized from aggregators.

Approximately 46% of Pengrowth's natural gas is sold to aggregators which provide a basket of fixed and floating index-based prices, as well as exposure to various regions in the U.S. The aggregators' prices improved in 1999 as fixed price contracts expired and were re-negotiated at higher prices. The remainder of Pengrowth's natural gas is sold on a direct basis with reference to AECO or NYMEX, and the prices of these indices increased 45% and 10%, respectively, from their 1998 levels.

ALLEN CONNICK Production Revenue Accounting Consultant

BRUCE MALCOLM Senior Royalty Analyst

TRACY KNIBBS Senior Production Revenue Accountant

MYRA VALENCERINA Senior Production Revenue Accountant

During 1999, Pengrowth sold 4.9 bcf of natural gas through fixed price physical delivery contracts at an average plant gate price of $2.46 per mcf. As spot prices exceeded this hedged position in the summer and fall of 1999, an opportunity cost of $2.2 million (relative to the monthly AECO index) is included in Pengrowth's gas sales for 1999.

The price of natural gas liquids increased 54% in response to higher crude oil and natural gas prices and improved markets for products such as condensate and propane.

Average Prices

Canadian $	1999	1998	% Change
Crude oil ($/bbl)	$ 26.73	$ 19.65	36
Natural gas ($/mcf)	2.48	1.78	39
Natural gas liquids ($/bbl)	18.08	11.71	54
Total oil and gas sales ($/boe)	24.95	17.84	40

Production

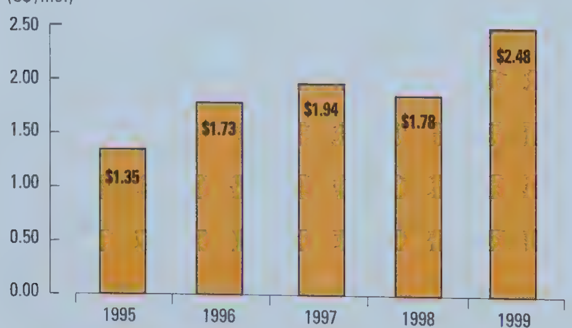
Daily Sales Volumes	1999	1998	% Change
Crude oil (bopd)	17,570	16,695	5
Natural gas (mcf/d)	61,494	57,707	7
Natural gas liquids (bopd)	3,927	3,342	18
Sulphur (boepd)	75	86	(13)
Total daily sales volumes (boepd) 10:1 basis	27,721	25,894	7
Total daily sales volumes (boepd) 6:1 basis	31,821	29,741	7
Total annual sales volumes (mboe) 10:1	10,118	9,451	7
Total annual sales volumes (mboe) 6:1	11,615	10,856	7

Natural gas production increased 7% from 57.7 mmcf per day in 1998 to 61.5 mmcf per day in 1999. This increase is attributed to the purchase of interests in natural gas properties at Strachan, Harmattan Elkton and Portage that occurred in April and June, and the purchase of McLeod River in October.

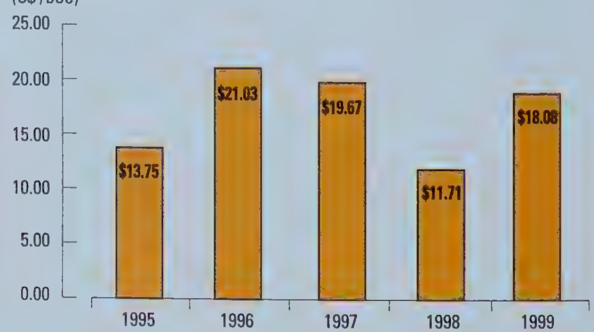
Assuming no further acquisitions, Pengrowth's natural gas production is expected to increase to approximately 70 mmcf per day as the full year impact of these acquisitions and the natural gas development program take effect. Natural gas liquids sales volumes are expected to increase slightly in 2000.

For purposes of calculating amounts expressed on a barrel of oil equivalent basis, gas volumes have been converted to barrels of oil at 10 mcf per barrel, reflecting common practice in the Canadian oil and gas industry. The U.S. industry, on the other hand, has traditionally converted gas volumes to barrels of oil at 6 mcf per barrel, which approximates the relative energy content between gas and oil. With the recent improvement in Canadian natural gas prices relative to their U.S. counterparts, the 6:1 conversion factor may become more widely used in Canada. Both versions are shown in the accompanying production table.

NATURAL GAS PRICE
(C$/mcf)

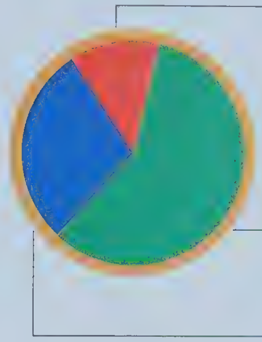


NATURAL GAS LIQUIDS PRICE
(C$/boe)



Pengrowth's 1999 production portfolio was weighted 64% towards crude oil. Natural gas accounted for 22% of total production. Natural gas liquids and sulphur represented the remaining 14% of production. The exit production rate for the month of December 1999 was 28,716 boe per day.

PENGROWTH'S 1999 PRODUCTION PROFILE



Four major areas (Judy Creek , Swan Hills, Enchant, and Weyburn) accounted for 64% of the total daily production in 1999.

In addition to the sales volumes reported above, Pengrowth produced and supplied 6,400 boe per day of injectants to the miscible flood projects at Judy Creek, Swan Hills, South Swan Hills and Virginia Hills, which represents both proprietary production and re-cycled injectants. The value of these proprietary injectants is not recorded in the accounting records until it is recovered as gas sales from the miscible flood.

Royalties

In 1999, Crown, freehold, and mineral taxes were 13.2% of oil and gas sales or $33.3 million, compared to 12.6% of oil and gas sales in 1998 or $21.3 million. Royalties are sensitive to prices and production rates, and consequently, they vary with the level of oil and gas sales. The increase in royalty rates is attributed to higher commodity prices. Pengrowth continues to benefit from Crown royalty credits with respect to its enhanced oil recovery projects. The royalty rate is expected to increase in 2000 as a result of higher product prices and slightly reduced credits on enhanced oil recovery projects.

Operating Expenses

Oil and gas operating expenses increased to $57.6 million in 1999 from $56.5 million in 1998. This 2% increase in cost corresponds to the 7% increase in production volumes from properties acquired in 1999. Operating costs per boe of production decreased from $5.98 per boe to $5.70 per boe as Pengrowth's operations team continued to pursue cost reduction initiatives. Operating expenses are comprised of the following:

Operating Expenditures

	1999		1998	
	$ million	**$/boe**	$ million	$/boe
Direct operating costs	**$ 61.8**	**$ 6.11**	$ 61.5	$ 6.51
Calgary operations administration	**1.7**	**0.17**	1.4	0.15
Net profit from casinghead gas	**(5.9)**	**(.58)**	(6.4)	(0.68)
Total operating expense	**$ 57.6**	**$ 5.70**	$ 56.5	$ 5.98

Pengrowth includes the administrative costs associated with its Calgary-based operations team in operating expense, whereas other companies may classify these costs as corporate general and administrative expense. The net profit from casinghead gas agreements is included in operating expense as these arrangements were intended to defray the operating costs of the Judy Creek Gas Conservation Plant.

Operating costs are expected to increase next year,however, operating costs per boe of production are expected to decline in 2000 as the full year impact of recent acquisitions takes effect.

Amortization of Injectants for Miscible Floods

Injectants (primarily ethane and methane) are used in miscible flood programs to stimulate incremental oil recovery. The cost of injectants purchased from third parties is deferred and amortized over the period of expected future economic benefit, which is currently 36 months. A total of $36.8 million of injectants was purchased from third parties in 1999 (1998 - $22.2 million). Injectant costs of $14.0 million were expensed and deducted from distributable income in 1999 (1998 - $5.3 million). As at December 31,1999 Pengrowth had injectant costs of $39.8 million (1998 - $16.9 million) that were deferred, temporarily debt-financed, and available for amortization in future periods.

The value of Pengrowth's proprietary injectants is not recorded until they are reproduced from the flood and sold, although the cost of producing these injectants is included in operating expenses. The cost of injectants purchased from third parties in 2000 is expected to decline. The amount of injectants expensed in 2000 will increase as a result of the amortization policy, however, Pengrowth also expects continued production from the enhanced recovery projects.

Interest

As a result of lower average debt levels, interest and bank service costs decreased 32% from $16.0 million in 1998 to $10.9 million in 1999. Assuming no further acquisitions or equity offerings, interest expense is expected to increase in 2000 with the full year impact of the McLeod River acquisition, and slightly higher interest rates.

General and Administrative

General and administrative expenses increased from $5.4 million in 1998 to $6.0 million in 1999. An increase in personnel was required to manage the higher levels of activity and acquired properties. General and administrative costs per boe have remained relatively constant at $0.59 per boe in 1999, compared to $0.58 per boe in 1998.

Management Fees

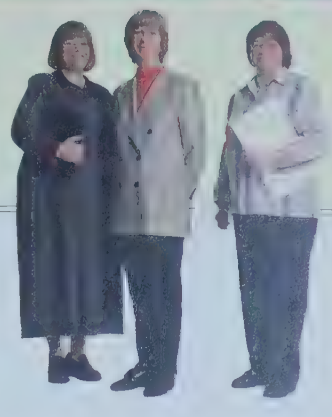
Management fees were $4.5 million in 1999 compared to $2.9 million in the previous year. On a unit of production basis, the fees increased 42% to $0.44 per boe in 1999 from $0.31 per boe in 1998. This increase in fees reflects increased operating revenue during 1999. Management fees are based on a sliding scale percentage of net operating revenue.

Level of Income	Fee
First $50 million	3.5%
Next $50 million	3.0%
All amounts over $100 million	2.5%

The Manager also earns a fee of 1.5% on the purchase price of oil and gas properties acquired by Pengrowth. The Management Agreement currently has a remaining term of two years, however, an extension of the Management Agreement for a three-year term will be considered at the Annual Meeting of Trust Unitholders in 2000.

Taxes

Tax expense of $1.2 million in 1999 ($0.9 million in 1998) consists of the federal Large Corporations Tax and the Saskatchewan Capital Tax and Resource Surcharge.



KELLY ZEEB
Joint Interest Accountant

JACKIE SAMPSON
Supervisor, Joint Interest Accounting

JULIE ELDRIDGE
Sr. Joint Interest Accountant

In determining its taxable income, Pengrowth Corporation deducts royalty payments to unitholders, and historically, this has been sufficient to reduce taxable income to nil. Pengrowth Energy Trust's (EnergyTrust's) taxable income is comprised of net royalty income and net income earned from direct investments, less deductions for Canadian Oil and Gas Property Expense ("COGPE"). Any taxable income is allocated annually to unitholders.

EnergyTrust had taxable income of $34.8 million or $0.6742 per unit in 1999 as a result of higher distributable income. For Canadian taxpayers, the remaining 69.6% or $1.5418 per unit in distributions is considered a return of capital and will reduce the unitholder's cost base for purposes of calculating a capital gain or loss upon ultimate disposition of the trust units. In 1998, EnergyTrust did not have taxable income, and all distributions were tax deferred.

At December 31, 1999 EnergyTrust had unused tax deductions of $11.08 per trust unit compared to $12.01 per unit at December 31, 1998. Depending on the level of commodity prices, acquisitions, dispositions, and equity offerings, a portion of the 2000 cash distributions may become taxable in the hands of unitholders.

Depletion and Ceiling Test

Depletion of the property, plant and equipment is provided on the unit of production method based on proven reserves, with the conversion of gas to oil using the relative energy content (6 mcf gas = 1 bbl). The provision for depletion increased 8% from $68.4 million in 1998 to $73.9 million in 1999 due to a larger depletable asset base and higher production. The rate of depletion and depreciation also increased marginally from $7.23 per boe in 1998 to $7.31 per boe in 1999. The rate is expected to remain relatively constant in 2000, however, it can be influenced by Pengrowth's future acquisition and development costs.

Pengrowth places a limit on the carrying value of the property, plant and equipment and other assets (the "ceiling test"). The cost of these assets, less accumulated depletion, is limited to the estimated future net revenue from proved reserves (based on unescalated prices and costs at the balance sheet date) less estimated future general and administrative costs, financing costs, site restoration costs, and management fees. The December 1999 prices used in the ceiling test were US$26.09 per barrel of WTI crude oil and C$2.73 per mcf of natural gas. There was a substantial surplus in the ceiling test at year-end 1999.

Future Site Restoration

An engineering estimate of the future costs for restoration and abandonment of well sites and facilities is updated annually. The present value of this cost estimate is amortized over the life of the properties on a unit of production basis. The provision for future site restoration increased from $6.8 million in 1998 to $7.0 million in 1999 as a result of higher production. The 2000 provision is expected to increase marginally as a result of higher production.

Remediation Expenses and Trust Fund Contributions

As part of the acquisition from Imperial Oil Resources in 1997, a trust fund was established to fund certain remediation obligations of the Judy Creek and Swan Hills properties. Pengrowth has agreed to make a contribution of $1,750,000 on October 15, 2000 and a contribution of $250,000 per annum for each year subsequent to 2000. In addition, Pengrowth makes a monthly contribution equivalent to $0.10 per boe of production from the Judy Creek properties. Every five years Pengrowth evaluates the assets in the trust fund and the outstanding remediation obligations, and makes recommendations as to whether contribution levels should be changed. If Imperial does not consent to recommended changes in the contribution level, the matter may be arbitrated. Pengrowth made a $1.8 million contribution to the fund in 1999 (1998 - $2.2 million). Pengrowth expects to pay approximately $2.2 million to the fund in 2000.

Pengrowth also incurred $1.3 million in reclamation expenditures that were not covered by the trust fund in 1999. The majority of these costs related to decommissioning plants 2, 4, and 5 at Judy Creek in an effort to scale the plant facilities towards current throughput volumes, streamline the processing function, and reduce property taxes.

Distributable Income

Distributable income is calculated by adding back the non-cash items (depletion, depreciation, and future site restoration) to net income and adjusting for the actual ARC received, reclamation expenditures, and Remediation Trust Fund contributions. Distributable income increased 63% from $1.525 per unit in 1998 to $2.486 per unit in 1999.

On a per unit basis, distributable income can be measured with reference to the weighted average units outstanding during the year. However, if there is a large equity issue during the year, this measure may have little relationship to actual distributions received by unitholders. Consequently, distributable income per unit is commonly measured with reference to actual distributions paid and declared payable.

Most of the distributable income earned by EnergyTrust in fiscal 1999 has been paid or declared payable to unitholders. There is a balance of $139,090 or $0.0026 per unit that has been earned but not yet paid or declared payable with respect to income earned in 1999 (1998 - $2.1 million or $0.045 per unit). This balance will be distributed in the first quarter of 2000.

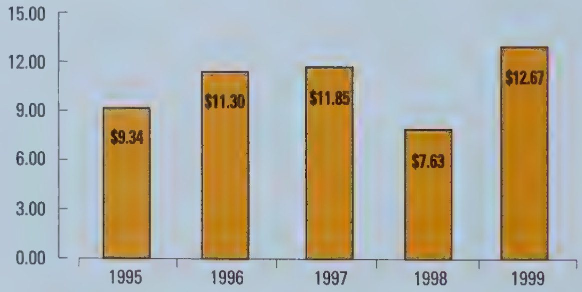
Netback

The following table analyzes the netback on a unit of production basis for 1999 (annual production of 10,118,200 boes) and 1998 (annual production of 9,451,300 boes).

Netbacks per Boe Production

	1999	1998
Oil and gas sales	**$ 24.95**	$ 17.86
Crown and freehold royalties	**(3.29)**	(2.25)
Other income & ARC	**0.62**	1.48
Total revenues	**$ 22.28**	$ 17.09
Operating costs	**5.70**	5.98
Amortization of injectants	**1.38**	0.57
Interest	**1.08**	1.69
General & administrative	**0.59**	0.58
Management fee	**0.44**	0.31
Capital taxes	**0.12**	0.10
Remediation expenditures & trust	**0.30**	0.23
Total costs	**$ 9.61**	$ 9.46
Distributable income netback	**$ 12.67**	$ 7.63

CASH NETBACK
(C$/boe production)



EnergyTrust's netback per boe of production increased by $5.04 per boe or 66% from last year's levels. In 1999, for every barrel of oil equivalent sold, Pengrowth distributed $12.67 to unitholders.

Capital Expenditures

During 1999, Pengrowth spent $17.7 million in capital expenditures (net of acquisitions and dispositions), compared to $34.9 million in 1998. These investments were financed from bank borrowings.

DAVID KINNEAR Website Consultant

PAUL JACKSON Business Development Consultant

JOCELYNE SCOTT Assistant to the President

TOM KELLY Business Development Consultant

Capital Expenditures by Property

$millions	1999			1998
Property	Development Drilling	Facilities	Total Capital Expenditures	Total Capital Expenditures
Judy Creek	$ 5.2	$ 1.7	$ 6.9	$ 13.9
Weyburn	0.4	1.5	1.9	2.0
Steelman	0.9	0.2	1.1	3.8
South Swan Hills	0.8	0.3	1.1	1.1
Dunvegan	0.7	0.3	1.0	1.6
Swan Hills	0.7	0.2	0.9	1.9
Hanlan	0.5	0.3	0.8	0.8
Monogram	0.6	0.1	0.7	1.9
Niton	–	–	–	2.0
Minehead	–	–	–	2.0
Others	1.9	1.4	3.3	3.9
Total	$ 11.7	$ 6.0	$ 17.7	$ 34.9

Pengrowth drilled six horizontal injector wells in Judy Creek A Pool during 1998, which accounted for much of the 1999 development program at Judy Creek. Additional 1999 development at Judy Creek included a 3-D seismic survey, two edge wells, and an infill well. Capital expenditures on partner-operated properties decreased in 1999 as operators reduced their capital programs in response to low oil prices in the first half of the year, and were slow to increase activity as oil prices recovered.

Pengrowth expects capital expenditures to increase in 2000 by approximately $40 million, including development plans for Judy Creek, McLeod River, Weyburn, Enchant, Strachan, Monogram, Swan Hills and other properties.

ACQUISITIONS AND DISPOSITIONS

During 1999, Pengrowth completed the following acquisitions:

- 3.2% interest in the Meekwap D-2A Unit No. 1 for $1.5 million (May 1999);
- 53.5% interest in the Strachan Leduc D-3 Gas Unit No. 1 and a 96% average interest in properties in the Enchant area for consideration of $54 million plus Pengrowth's 4% interest in the Ghost Pine Unit (April 1999);
- 5.5% interest in the Harmattan Elkton Unit No. 1 and an additional 0.87% interest in Swan Hills Unit No. 1 for consideration of $16.2 million (June 1999);
- 57.4% interest in the Portage Gas Unit for $9.1 million (June 1999); and
- an average interest of 58% in natural gas producing properties at McLeod River, including interests in three gas plants, 133 sections of land, and 115 kilometres of flowlines for $61.1 million (October 1999).

In total, Pengrowth purchased 21.08 mmboes of Established reserves for net cash consideration of $142 million at an average price of $6.73 per boe (net of Pengrowth's interest in Ghost Pine, which was swapped as partial consideration for the Enchant and Strachan acquisition). Pengrowth also disposed of a number of small non-core properties for $3 million in 1999.

In 2000, Pengrowth will continue to actively pursue opportunities to acquire additional producing crude oil and natural gas properties in order to achieve its objectives of increasing unitholder cash distributions and value.

NET ASSET VALUE

In the following table, EnergyTrust's net asset value is measured with reference to the present value of future net cash flows from reserves, as estimated by independent reserve engineers, Gilbert Laustsen Jung and Associates Ltd. ("GLJ") less any working capital deficiency and long-term debt at year-end.

Net Asset Value December 31, 1999

$ millions	Present worth discounted at		
	10%	12%	15%
Present value of net cash flows from Established reserves*	$ 927	$ 838	$ 732
Current assets less current liabilities	(19)	(19)	(19)
Distributions payable to unitholders	27	27	27
Long-term debt	(230)	(230)	(230)
Net asset value	$ 705	$ 616	$ 510
Net asset value per unit	$ 13.15	$ 11.47	$ 9.50

* Based on GLJ's report, effective December 31, 1999 for Established (proven plus half probable) reserves. Refer to the Operations Review section for a summary of the GLJ price forecasts.

Net asset value is one of many techniques used to measure the value supporting each trust unit. This technique assumes that existing reserves are produced to the end of their economic life and are not replaced with acquisitions. Pengrowth has an 11-year history of reserve replacement through successful acquisitions. The measurement is also sensitive to the price forecasts and the reservoir engineering assumptions used by the engineering firm.

As at December 31, 1999 Pengrowth had 2.9 boe of Established reserves for every trust unit outstanding. Pengrowth's reserve life index, as measured by GLJ using Established reserves as at December 31, 1999 was 15.1 years.

FINANCIAL RESOURCES AND LIQUIDITY

Pengrowth's long-term debt increased by $72.7 million in fiscal 1999 to $230.3 million at December 31, 1999.

Continuity of Long-Term Debt

$ millions	
Beginning balance January 1, 1999	$ 158
Less: net proceeds from equity issues	(76)
Add: net property acquisitions	140
capital expenditures	18
deferred injectants (temporarily debt financed)	23
Less: change in working capital and other	(33)
Long-term debt December 31, 1999	$ 230

The ratio of debt to trailing 12-month distributable income at December 31, 1999 was 1.8 times. This ratio is expected to improve in 2000 as distributable income increases to reflect a full year of strong oil prices and production from newly acquired properties.

LYNN CAMPBELL
Data Entry Clerk

TRACEY ROBERTSON
Administrative Assistant, Investor Relations

KELLY DINNING
Community Relations Coordinator

JAN YOUNG
Investor Relations

CYNDY MERCIER
Accounting Administrator

SALLY ELLIOTT
Investor Relations, Toronto

Distributable income covered interest expense by 12 times in 1999 compared to 5 times in 1998. Interest expense was higher last year as Pengrowth debt financed the $209 million installment receipt for much of the year.

Pengrowth currently has $285 million in committed revolving credit facilities and $35 million in demand bank lines available. This credit facility was last updated in June 1999, and Pengrowth intends to increase the size of the facility in the first quarter of 2000 to reflect the banks' higher forecast for oil prices and the value of properties acquired in the second half of 1999.

Pengrowth is confident it can fund its 2000 capital expenditure program from bank debt, while still maintaining the flexibility to pursue acquisitions. It is management's intention to maintain a conservative capital structure and to replenish credit capacity by issuing equity when appropriate.

Trust Unit Information

As at December 31, 1999 there were 53,639,338 trust units outstanding compared to 47,368,765 trust units at December 31, 1998. During 1999, an additional 6.1 million units were issued in the May 1999 equity offering, and a further 150 thousand units were issued pursuant to the Distribution Reinvestment Program ("DRIP") and the exercise of options.

Trust Unit Trading		High	Low	Close	Volume (000's)	Value ($ millions)
1999	1st quarter	$ 12.85	$ 10.50	$ 12.85	2,691	$ 31.3
	2nd quarter	14.25	12.55	14.15	3,820	50.6
	3rd quarter	16.75	14.10	15.80	4,154	64.3
	4th quarter	16.00	14.25	15.50	3,792	57.9
		$ 16.75	$ 10.50	$ 15.50	14,457	$ 204.1
1998	1st quarter	18.45	14.30	16.70	2,644	44.8
	2nd quarter	17.35	13.50	14.40	2,045	32.2
	3rd quarter	14.75	10.05	11.75	3,101	38.1
	4th quarter	13.95	10.00	11.00	4,289	49.5
		$ 18.45	$ 10.00	$ 11.00	12,079	$ 164.6

Business Risks

The amount of distributable income available to unitholders is subject to numerous risk factors associated with the oil and gas business, that include, but are not limited to, the following influences:

- The prices of Pengrowth's products (crude oil, natural gas, and natural gas liquids) fluctuate due to market forces.
- Canadian/U.S. exchange rates influence revenues and, to a lesser extent, operating and capital costs.
- Geological and operational risks affect the quantity and quality of reserves and the costs of recovering those reserves.
- Government royalties, income tax laws, environmental laws and regulatory initiatives impact Pengrowth financially and operationally.
- Changing interest rates influence borrowing costs and the availability of capital.
- Environmental and safety risks influence the workforce, operating costs and compliance with regulatory standards.

Pengrowth mitigates some of these risks by:

- Fixing the price on a portion of its future crude oil and natural gas production.
- Employing highly qualified and motivated professional staff.
- Adhering to strict investment criteria for acquisitions.
- Acquiring mature production with long-life reserves and proven production.
- Performing extensive geological, geophysical, engineering and environmental analysis before committing to capital development projects.
- Geographically diversifying its portfolio.
- Controlling costs to maximize profitability.
- Developing and adhering to safety and environmental policies and practices.
- Ensuring strong third-party operators for non-operated properties.
- Carrying insurance to cover physical losses and business interruption.

PRICE RISK MANAGEMENT PROGRAM

Pengrowth has a price risk management program, whereby it fixes the price on a portion of its future production to lock in the value of acquisitions and enhance its capital development program.

Pengrowth currently has financial swap transactions in place that fix the price on 4,243 bbls of oil per day for the year 2000 (24% of estimated oil production) at an average price of C$32.97 per bbl.

Pengrowth also has sales commitments to deliver natural gas at fixed prices in the future, as summarized below:

- 5.9 bcf (16.2 mmcf per day or 23% of estimated production) for 2000 at an average plant gate price of $3.00 per mcf;
- 4.8 bcf (13.1 mmcf per day or 18% of estimated production) for 2001 at an average plant gate price of $2.97 per mcf; and
- 2.8 bcf (7.8 mmcf per day or 11% of estimated production) for 2002 at an average plant gate price of $2.98 per mcf.

Assuming no dramatic changes to commodity prices, Pengrowth expects to continue its price risk management in 2000 with the same approach, discretion and philosophy as demonstrated in 1999.

Sensitivities

The following sensitivity analysis estimates the impact that changes to commodity prices, production levels and exchange rates may have on unitholder distributions. The analysis is based on GLJ forecast prices, production levels, and exchange rates for 2000.

Sensitivity Analysis	Effect on per unit distributions
Change of $1.00 U.S. per barrel in the price of oil	$ 0.100
Change of $0.10 per mcf in the price of natural gas	0.023
Change of $0.01 in the U.S.$/C$ exchange rate	0.036
Change of 1% in interest rates	0.048
10% change in crude oil production	0.321
10% change in natural gas production	0.100
10% change in natural gas liquids production	0.038

MICHELINE BIRD
Receptionist

WENDY NOONAN
Supervisor, Administration & Human Resources

KATE LANGEJANS
Human Resources Assistant

For every US$1.00 increase (decrease) in the price of crude oil, Pengrowth's distributions increase (decrease) by approximately $ 5.4 million or $ 0.10 per unit. Pengrowth's sensitivity to changes in the price of crude oil has decreased in comparison with last year due to the price risk management program and the impact of higher royalty rates associated with higher crude oil prices.

Business Prospects

The improvement in both crude oil and natural gas prices is a powerful coincidence that bodes well for Pengrowth's unitholders. Although there may be a slight pullback in crude oil prices from the current level of US$30 per barrel WTI, provided OPEC members comply with their quotas, the balance between world demand and supply will remain tight, and prices should remain strong. Non-OPEC producers are experiencing capital constraints, reservoir production declines and a lack of exploration success, and it will take some time before higher prices attract the capital required to reverse this trend. Oil demand continues to grow with the confidence of strong world economies and there is no sign of diminishing demand due to price sensitivity.

We also expect North American natural gas prices to remain strong in 2000. Despite a warm winter heating season, U.S. demand for natural gas continues to increase in response to economic development and the use of gas for electrical generation. In the meantime, U.S. gas producers are suffering from capital constraints, reservoir declines, and a lack of exploration success. Canadian natural gas prices, which have historically traded at a discount to U.S. prices, were able to post impressive gains in 1999 as export pipeline expansions at Northern Border and TransCanada Pipelines opened up the U.S. markets and eliminated the pricing discount. With the new Alliance Pipeline adding 1.3 bcf per day of additional export capacity in 2000, Canadian natural gas is expected to retain this price compatibility with the U.S. market. North American producers are currently having difficulty meeting demand requirements, and this may increase natural gas prices further, especially if winter temperatures return to normal.

Pengrowth continues to pursue opportunities to acquire quality oil and natural gas properties in order to replenish reserves, increase production, and increase cash flow to unitholders. We believe there are further opportunities to acquire mature, long-life, properties as the industry continues to consolidate and rationalize and major exploration and producing companies re-focus their efforts on higher risk/reward areas outside of the Canadian Western Sedimentary Basin.

The oil and gas business is cyclical, and although we may currently be riding the wave of strong prices and healthy unitholder returns, it is important to maintain a conservative financial structure and discipline towards the business. Pengrowth remains vigilant in its efforts to control costs and disciplined in its approach towards capital spending, acquisitions, price risk management, and efforts to enhance shareholder value.

Certain revenues and costs are expressed on a barrel of oil equivalent basis (boe), converting gas sales volumes to barrels of oil at 10 thousand cubic feet per barrel unless otherwise stated. This is a commonly used conversion ratio in the Canadian oil and gas industry, but not necessarily reflective of relative energy content or value.

Future oriented information provided herein is based on assumptions regarding future events that are subject to risks and uncertainties that may cause actual results to vary materially from these estimates.

MANAGEMENT'S RESPONSIBILITY TO THE UNITHOLDERS

The financial statements are the responsibility of the management of Pengrowth Energy Trust. They have been prepared in accordance with generally accepted accounting principles, using management's best estimates and judgements, where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

Management is also responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board, which is composed of three non-management directors. The Committee meets periodically with management and the auditors to satisfy itself that management's responsibilities are properly discharged, to review the financial statements and to recommend approval of the financial statements to the Board.

KPMG, the independent auditors appointed by the unitholders, have audited Pengrowth Energy Trust's consolidated financial statements in accordance with generally accepted auditing standards and provided an independent professional opinion. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and their related findings as to the integrity of the financial reporting process.

James S. Kinnear

JAMES S. KINNEAR
President and
Chief Executive Officer
February 28, 2000

RJ Waters

ROBERT J. WATERS
Vice President, Finance and
Chief Financial Officer

TO THE UNITHOLDERS OF PENGROWTH ENERGY TRUST

We have audited the consolidated balance sheets of Pengrowth Energy Trust as at December 31, 1999 and 1998 and the consolidated statements of income and distributable income, unitholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

CHARTERED ACCOUNTANTS
Calgary, Canada
February 28, 2000

PENGROWTH ENERGY TRUST
CONSOLIDATED BALANCE SHEETS
As at December 31
(Stated in thousands of dollars)

	1999	1998
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$ –	$ 19,258
Marketable securities (Note 10)	2,592	2,649
Accounts receivable	24,677	20,868
Remediation Trust Fund (Note 3)	3,785	2,033
	$ 31,054	$ 44,808
PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS (Note 4)	826,860	720,354
	$ 857,914	$ 765,162
LIABILITIES AND UNITHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank indebtedness	$ 1,255	$ –
Accounts payable	19,948	19,778
Distributions payable to unitholders	27,496	13,487
Due to Pengrowth Management Limited (Note 8)	1,276	417
Current portion of obligation under capital lease	472	438
	50,447	34,120
LONG TERM DEBT (Note 5)	230,333	157,662
FUTURE SITE RESTORATION COSTS	18,544	12,855
TRUST UNITHOLDERS' EQUITY (Note 6)	558,590	560,525
	$ 857,914	$ 765,162

Approved on behalf of Pengrowth Energy Trust by
Pengrowth Corporation, as Administrator:

FRANCIS G. VETSCH
Director

JOHN B. ZAOZIRNY
Director

PENGROWTH ENERGY TRUST
CONSOLIDATED STATEMENTS OF INCOME AND DISTRIBUTABLE INCOME
Years ended December 31
(Stated in thousands of dollars except per unit amounts)

	1999	1998
REVENUES		
Oil and gas sales	$ 252,408	$ 168,782
Processing and other income	3,715	3,203
Crown royalties	(29,049)	(18,247)
Alberta Royalty Credit	1,391	1,353
Freehold royalties and mineral taxes	(4,215)	(3,032)
	224,250	152,059
Interest and other income	1,144	9,474
NET REVENUE	225,394	161,533
EXPENSES		
Operating	57,642	56,505
Amortization of injectant costs	13,964	5,330
Interest on long term debt	10,882	15,997
General and administrative	5,972	5,446
Management fee (note 8)	4,490	2,891
Capital taxes	1,190	927
Depletion and depreciation	73,943	68,364
Future site restoration	7,038	6,810
	175,121	162,270
INCOME (LOSS) BEFORE THE FOLLOWING	50,273	(737)
Royalty income attributable to royalty units other than those held by Pengrowth Energy Trust	50	30
NET INCOME (LOSS)	50,223	(767)
Add: Depletion, depreciation and future site restoration	80,981	75,174
Alberta Royalty Credit received during year	1,387	1,227
Deduct: Alberta Royalty Credit accrued for year	(1,378)	(1,342)
Remediation expenses and trust fund contributions (Note 3)	(3,041)	(2,175)
DISTRIBUTABLE INCOME	$ 128,172	$ 72,117
NET INCOME (LOSS) PER UNIT (Note 9)	$ 0.980	$ (0.016)
DISTRIBUTABLE INCOME PER UNIT (Note 9)		
Based on weighted average units outstanding	$ 2.502	$ 1.523
Based on actual distributions paid or declared	$ 2.486	$ 1.525

PENGROWTH ENERGY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31
(Stated in thousands of dollars)

	1999	1998
CASH PROVIDED BY (USED FOR):		
OPERATING		
Net income	$ 50,223	$ (767)
Items not involving cash		
Depletion, depreciation and future site restoration	80,981	75,174
Amortization of injectant costs	13,964	5,330
Funds generated from operations	145,168	79,737
Distributions	(114,163)	(78,057)
Changes in non-cash operating working capital (Note 7)	(3,573)	(6,797)
	27,432	(5,117)
FINANCING		
Change in long term debt	72,705	(124,162)
Proceeds from issue of trust units	76,014	623
Instalment receivable	–	201,508
	148,719	77,969
INVESTING		
Expenditures on property, plant and equipment	(157,567)	(43,783)
Expenditures on remediation	(1,349)	(136)
Purchase of injectants	(36,846)	(22,247)
Marketable securities	57	(2,649)
Change in non-cash investing working capital (Note 7)	(959)	959
	(196,664)	(67,856)
INCREASE (DECREASE) IN CASH	(20,513)	4,996
CASH AND TERM DEPOSITS AT BEGINNING OF YEAR	19,258	14,262
CASH AND TERM DEPOSITS (BANK INDEBTEDNESS) AT END OF YEAR	$ (1,255)	$ 19,258

PENGROWTH ENERGY TRUST
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY
Years ended December 31
(Stated in thousands of dollars)

	1999	1998
Unitholders' equity at beginning of year	$ 560,525	$ 632,786
Units issued, net of issue costs	76,014	623
Net income (loss) for year	50,223	(767)
Distributable income	(128,172)	(72,117)
UNITHOLDERS' EQUITY AT END OF YEAR	$ 558,590	$ 560,525

PENGROWTH ENERGY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 1999 and 1998
(Tabular amounts are stated in thousands of dollars except per unit amounts)

1. STRUCTURE OF THE TRUST

Pengrowth Energy Trust ("EnergyTrust") is a closed-end investment trust created under the laws of the Province of Alberta pursuant to a Trust Indenture dated December 2, 1988 (as amended) between Pengrowth Corporation ("Corporation") and Montreal Trust Company of Canada. Operations commenced on December 30, 1988. The beneficiaries of EnergyTrust are the holders of trust units (the "unitholders").

EnergyTrust acquires and holds royalty units issued by the Corporation, which entitles EnergyTrust to the net revenue generated by Corporation's petroleum and natural gas properties less certain defined charges. In addition, unitholders are entitled to receive the net cash flows from other investments that are held directly by EnergyTrust. As at December 31, 1999 EnergyTrust owned 99.960 % of the royalty units issued by the Corporation.

Pengrowth Management Limited (the "Manager") is responsible for the management of the business affairs of the Corporation and the administration of EnergyTrust. The shares of the Corporation are wholly owned by the Manager, and the Manager is controlled by a director of the Corporation.

Under the terms of the Royalty Indenture, the Corporation is entitled to retain a 1 % share of royalty income and all miscellaneous income (the "Residual Interest") to the extent this amount exceeds the aggregate of debt service charges, general and administrative expenses, and management fees. In 1999 and 1998, the Corporation was not eligible to retain this Residual Interest.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

EnergyTrust's consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and they include the accounts of EnergyTrust and the accounts of Corporation. All inter-entity transactions have been eliminated. These financial statements do not contain the accounts of the Manager.

Although there is no legal ownership between EnergyTrust and Corporation, EnergyTrust, through the royalty, obtains substantially all the economic benefits of Corporation. In addition, the unitholders of EnergyTrust have the right to elect the majority of the board of directors of Corporation.

Property Plant and Equipment

EnergyTrust follows the full cost method of accounting for oil and gas properties and facilities whereby all costs of acquiring such interests are capitalized and depleted on the unit of production method based on proved reserves before royalties as estimated by independent engineers. Natural gas production and reserves are converted to equivalent units of crude oil using their relative energy content.

General and administrative costs are not capitalized other than to the extent they are directly related to a successful acquisition, or to the extent of the Company's working interest in capital expenditure programs to which overhead fees can be recovered from partners. Overhead fees are not charged on 100 % owned projects.

Proceeds from disposals of oil and gas properties and equipment are credited against capitalized costs unless the disposal would alter the rate of depletion and depreciation by more than 20 %, in which case a gain or loss on disposal is recorded.

EnergyTrust places a limit on the aggregate carrying value of property, plant and equipment and deferred injectant costs that may be carried forward for depletion against revenues of future periods (the "ceiling test"). The cost of these assets less accumulated depletion and depreciation is limited to an amount equal to the estimated future net revenue from production of proved reserves (based on unescalated prices and costs at the balance sheet date) less estimated future general and administrative costs, financing costs, site restoration costs, and management fees.

Injectant Costs

Injectants (mostly ethane and methane) are used in miscible flood programs to stimulate incremental oil recovery. The cost of injectants purchased from third parties for miscible flood projects is deferred and amortized over the period of expected future economic benefit which is estimated as 36 months.

Future Site Restoration Costs

Provisions for future site restoration costs are made over the life of the oil and gas properties and facilities using the unit of production method. Costs are based on engineering estimates considering current regulations, costs and industry standards. The Corporation has placed cash in a segregated remediation trust account to fund certain site restoration costs for the Judy Creek and Swan Hills properties. Contributions to the remediation trust account and remediation expenditures not funded by the trust account are charged against distributable income in the period incurred.

Income Taxes

EnergyTrust is a taxable trust under the Income Tax Act (Canada) and it allocates all of its income to its unitholders. No provision has been made for income taxes in these financial statements, as income taxes are the responsibility of the individual unitholders. In 1999, EnergyTrust had taxable income of $34.8 million, or $0.674 per unit, which was allocated to unitholders (1998 – nil).

The Corporation follows the deferral method of accounting for income taxes. In determining its taxable income, the Corporation deducts royalty payments to the unitholders. If Corporation ever lacked sufficient deductions to reduce taxable income to nil, and the resulting income tax proved to be unrecoverable, the taxes would be deducted from royalty income. In 1999, the Corporation made cash payments of $2,104,000 in capital taxes for the 1998 and 1999 tax obligations (1998 - $942,000).

Forward and Futures Contracts

The Corporation uses forward and futures contracts to manage its exposure to commodity price fluctuations. The net receipts or payments arising from these contracts are recognized in income as a component of oil and gas sales during the same period as the corresponding hedged position.

Comparative figures

Certain comparative figures have been restated to conform to the presentation adopted in the current year.

3. REMEDIATION TRUST FUND

Pursuant to a Purchase and Sale Agreement dated August 15, 1997 between Pengrowth Corporation and Imperial Oil Resources ("Imperial"), a trust was established to fund certain remediation obligations of the Judy Creek and Swan Hills properties. Montreal Trust Company of Canada is the trustee for the Remediation Trust Fund. The Corporation has agreed to make a contribution of $1,750,000 on October 15, 2000 and a contribution of $250,000 per annum for each year subsequent to 2000 to the Remediation Trust Fund. In addition, Corporation makes a monthly trust fund contribution equivalent to $0.10 per boe of production from the Judy Creek properties.

Every five years the Corporation must deliver a report to Imperial evaluating the assets in the trust fund and the outstanding remediation obligations, and make recommendations as to whether contribution levels should be changed. If Imperial does not consent to recommended changes in the contribution level, the matter may be arbitrated.

The following summarizes EnergyTrust's Remediation Trust Fund contributions for 1999 and 1998 and EnergyTrust's expenditures on remediation activities not covered by the trust fund:

	1999	1998
Contributions to Remediation Trust Fund	$ 1,757	$ 2,175
Remediation expenditures not covered by the Trust Fund	1,284	-
	$ 3,041	$ 2,175

4. PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS

	1999	1998
Property, Plant and Equipment		
Property, Plant and Equipment, at cost	$ 1,011,199	$ 853,632
Accumulated depletion and depreciation	(224,138)	(150,195)
Net book value of property, plant and equipment	$ 787,061	$ 703,437
Other Assets		
Deferred injectant costs	39,799	16,917
Net book value of property, plant and equipment and other assets	$ 826,860	$ 720,354

As at December 31, 1999, EnergyTrust had a surplus in its ceiling test using December prices of US$ 26.09 per bbl of oil and C$ 2.73 per mcf of natural gas.

In conducting the 1998 ceiling test evaluation, EnergyTrust followed generally accepted accounting standards which provided for a two year exemption from write-down where the purchase price of reserves had been determined on a basis which provided a higher amount than the ceiling test value, and where the excess was not considered to represent a permanent impairment in the ultimate recoverable amount. EnergyTrust qualified for the exemption in connection with the October 1997 acquisition of properties acquired in the Judy Creek and Swan Hills area. Properties with a carrying amount at December 31,1998 of $474 million were excluded from the 1998 ceiling test.

5. LONG TERM DEBT

	1999	1998
Revolving credit facility	$ 229,780	$ 156,638
Obligation under capital lease	1,025	1,462
Less: current portion of lease obligation	(472)	(438)
	$ 230,333	$ 157,662

The Corporation has a $285 million revolving credit facility syndicated among six financial institutions with an extendible 364 day revolving period and a five year amortization term period. In addition, it has a $35 million demand operating line of credit that is currently reduced by an outstanding letter of credit in the amount of $5 million (see note 6). The facilities are secured by a $500 million first fixed and floating charge debenture on all of the Corporation's assets. Interest payable is at the lenders' prime lending rate, bankers' acceptance rates plus stamping fees, and U.S. libor rates plus applicable margins, depending on the form of borrowing by the Corporation. The margins and stamping fees vary depending on financial statement ratios and can range from 0.50 % to 1.00 %. Interest expense for the year ended December 31, 1999 includes $7,009,058 in cash interest payments (1998- $16,620,425).

The credit facility will revolve until June 25, 2000, whereupon it is expected to be renewed for a further 364 days, subject to satisfactory review by the lenders. If the lenders were to convert the facility to a non-revolving term facility, then amounts outstanding under the facility become repayable in 20 equal quarterly installments. As at December 31, 1999, the obligation outstanding under the revolving credit facility is classified as long term debt as the lenders have advised management that subject to the Corporation complying with the terms and conditions of the Credit Agreement, no principal repayments are required in 2000.

The Corporation has entered into a capital lease to finance the purchase of computer hardware and software. The lease bears interest at 7.5 % and matures on October 31, 2001. Payments on the lease, including principal and interest, are as follows (in thousands):

2000	$ 532
2001	576
	1,108
Less: imputed interest	(83)
	$ 1,025

6. TRUST UNITS

The authorized capital of EnergyTrust is 500,000,000 trust units.

	1999		1998	
Trust Units Issued	**Number of units**	**Amount**	Number of units	Amount
Balance, beginning of year	**47,368,765**	**$ 720,210**	47,287,950	$ 719,587
Issued for cash	**6,120,000**	**79,254**	-	-
Less: issue expenses	**-**	**(5,230)**	-	(561)
Issued for cash on exercise of stock options	**62,900**	**776**	68,334	1,032
Issued for cash under Distribution Reinvestment ("DRIP") Plan	**87,673**	**1,214**	12,481	152
Balance, end of year	**53,639,338**	**$ 796,224**	47,368,765	$ 720,210

The 1998 issue costs are related to the receipt of the October 15, 1998 instalment receivable.

Pursuant to the terms of the Royalty Indenture and the Trust Indenture there is attached to each royalty unit granted by the Corporation the right to exchange such royalty unit for an equivalent number of trust units. Montreal Trust, as Trustee has reserved 18,940 trust units for such future conversion.

Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRIP") entitles unitholders to reinvest cash distributions in additional units of EnergyTrust. The trust units under the plan may be acquired in the open market at prevailing market prices or issued from treasury at the weighted average price of all EnergyTrust units traded on the Toronto Stock Exchange for the 20 trading days preceding a distribution payment date.

Trust Unit Option Plan

EnergyTrust has a trust unit option plan under which employees, directors, and selected consultants of Corporation and the Manager are eligible to receive options. Under the terms of the plan, up to 10% of the issued and outstanding trust units may be reserved for these option grants. One third of the options vest on the grant date, one third on the first anniversary of the date of grant, and the remaining third on the second anniversary. The options expire five years from the date of grant. The exercise price of each option equals the market price of EnergyTrust's units on the date of the grant. As at December 31, 1999, options to purchase 4,041,287 trust units were outstanding (1998 – 4,075,847) that expire at various dates to May 18, 2004.

	1999		1998	
Trust Unit Options	**Number of options**	**Weighted Average Exercise price**	Number of options	Weighted Average Exercise price
Outstanding at beginning of year	**4,075,847**	**$ 16.79**	3,743,635	$ 17.18
Granted	**538,400**	**12.75**	709,500	15.05
Exercised	**(62,900)**	**12.33**	(68,334)	15.11
Cancelled	**(84,060)**	**18.14**	(308,954)	17.80
Cancelled and replaced with SAR	**(426,000)**	**18.39**	-	-
Outstanding at year-end	**4,041,287**	**16.16**	4,075,847	16.79
Exercisable at year-end	**3,468,681**	**16.58**	2,857,406	16.70

The following table summarizes information about trust unit options outstanding at December 31, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding At 12/31/99	Weighted-Average Remaining Contractual Life (years)	Weighted-Average Exercise Price	Number Exercisable At 12/31/99	Weighted-Average Exercise Price
$9.79 to $13.99	964,601	3.0	$ 13.04	567,268	$ 13.29
$14.00 to $16.99	1,241,520	2.1	15.68	1,066,247	15.67
$17.00 to $20.50	1,835,166	2.9	18.13	1,835,166	18.13
TOTAL $9.79 to $20.50	4,041,287	2.7	$ 16.16	3,468,681	$ 16.58

Share Appreciation Rights

On May 12, 1999, 426,000 trust unit options granted to the President and Chief Executive Officer of the Corporation were cancelled and replaced with an equal number of Share Appreciation Rights ("SAR's") which have the same exercise price, vesting provisions, and expiry dates as the predecessor options. As at December 31, 1999, the 426,000 SAR's were still outstanding. They are fully vested, have a weighted average exercise price of $18.39 and expiry dates ranging from October 15 to December 1, 2002.

The SAR's grant the right to receive a Payment Amount equal to any increase in the market price of the 426,000 trust units above the exercise price. EnergyTrust may, at its option, satisfy this Payment Amount with either a cash payment or the issue of trust units from treasury based on market prices at the time of exercise.

Trust Unit Savings Plan

EnergyTrust has a trust unit savings plan whereby qualifying employees may contribute from 1 to 10 % of their basic annual salary. Employee contributions are invested in EnergyTrust units purchased on the open market. EnergyTrust matches the employees' contribution, investing in additional trust units purchased on the open market. EnergyTrust's share of contributions is recorded as compensation expense and amounted to $466,766 in 1999 (1998 - $304,960).

Trust Unit Margin Purchase Plan

EnergyTrust has a plan whereby the Manager, and employees, directors, and certain consultants of Corporation can purchase trust units (or in 1998, installment receipts) and finance 75% of the purchase price (or in 1998 – finance the 2nd installment payment) through an investment dealer, subject to certain participation limits and restrictions. Participants maintain personal margin accounts with the investment dealer and are responsible for all interest costs and obligations with respect to their margin loans. The Corporation has provided a $5 million letter of credit to the investment dealer to guarantee amounts owing with respect to the plan. The amount of the letter of credit may fluctuate depending on the amounts financed pursuant to the plan. At December 31, 1999, 1,508,985 trust units were deposited under the plan with a market value of $23.4 million and a corresponding margin loan of $10.7 million.

7. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	1999	1998
Accounts receivable	$ (3,809)	$ 626
Remediation Trust Fund	(1,752)	(2,033)
Accounts payable and accrued liabilities	1,129	(5,412)
Due to Pengrowth Management Limited	859	22
	$ (3,573)	$ (6,797)

CHANGE IN NON-CASH INVESTING WORKING CAPITAL

	1999	1998
Accounts payable for purchase of marketable securities	$ (959)	$ 959

8. RELATED PARTY TRANSACTIONS

Pengrowth Management Limited provides certain services pursuant to a management agreement for which EnergyTrust, through the Corporation, paid $2,224,365 (1998 - $96,147) for acquisition fees and $4,489,706 (1998 - $2,891,601) for a management fee. The law firm controlled by the corporate secretary received $326,746 (1998-$215,828) for legal services provided to the Corporation.

Effective October 15, 1998, EnergyTrust purchased beneficial interests in certain oil and gas pipeline and processing facilities in the Judy Creek and Swan Hills areas from Pengrowth Corporation. EnergyTrust has issued a guarantee and a $200 million debenture granting a first fixed security interest in the facilities to the financial institutions that held a similar security interest in the facilities when the Corporation owned them.

The Corporation has provided a $5 million letter of credit to an investment dealer to guarantee amounts owing to the investment dealer. See note 6 – Trust Unit Margin Purchase Plan.

9. AMOUNTS PER UNIT

The per unit amounts for net income and distributable income are based on weighted average units outstanding for the year. The weighted average units outstanding for 1999 were 51,233,796 units (1998 – 47,341,832 units). The per unit amount of distributions paid or declared reflect actual distributions paid or declared based on units outstanding at the time.

Distributions are declared payable during the month following the month in which the distributions were earned. Distributions are paid to unitholders on the 15th day of the second month after the distributions are earned. As at December 31, 1999 there was a balance of $139,090 or $0.0026 per unit that had been earned but had not yet been paid or declared (1998 - $2,118,170 or $0.045 per unit).

10. FINANCIAL INSTRUMENTS

Interest Rate Risk

As at December 31, 1999 EnergyTrust was exposed to floating interest rates with respect to its bank indebtedness and it had no fixed interest rate borrowings extending beyond two years.

Foreign Currency Exchange Risk

EnergyTrust is exposed to foreign currency fluctuations as crude oil and natural gas prices received are referenced to U.S. dollar denominated prices. EnergyTrust has mitigated some of this exchange risk by entering into fixed Canadian dollar crude oil price swaps as outlined below.

Credit Risk

A portion of the Corporation's accounts receivable are with joint venture partners in the oil and gas industry and are subject to normal industry credit risks. Purchasers of the Corporation's petroleum and natural gas products are subject to an internal credit review designed to mitigate the risk of non-payment. The use of commodity price swap agreements involves a degree of credit risk that the Corporation manages through its credit policies which limit eligible counterparties to those with "A" credit ratings or better.

Forward and Futures Contracts

Pengrowth has a price risk management program whereby the commodity price associated with a portion of its future production is fixed. Pengrowth sells forward a portion of its future production through a combination of fixed price sales contracts with customers and commodity swap agreements with financial counterparties. The forward and futures contracts are subject to market risk from fluctuating commodity prices and exchange rates however, gains or losses on the contracts are offset by changes in the value of Corporation's production.

As at December 31, 1999, Pengrowth had fixed the price applicable to future production as follows:

	Crude Oil		Natural Gas	
	Volume (bbl/d)	Price C$/bbl	Volume (mmcf/d)	Plantgate Price C$/mcf
2000	3,328	$ 32.49	16,204	$ 3.00
2001	-	-	13,179	$ 2.97
2002	-	-	7,762	$ 2.98

Subsequent to December 31, 1999, Pengrowth fixed the price of an additional 1,000 bbl/d for the period February to December 2000 increasing the average fixed price crude oil position for 2000 to 4,243 bbl/d at a price of C$32.97/bbl.

The estimated fair value of the crude oil and natural gas fixed price sales contracts and swap agreements have been determined based on the amounts the Corporation would receive or pay to terminate the contracts at year-end. At December 31, 1999 the estimated fair values for the crude oil and natural gas contracts were ($40,000) and $2,300,000, respectively.

Fair value of financial instruments

The carrying value of financial instruments included in the balance sheet, other than bank debt and marketable securities, approximate their fair value due to their short maturity. The fair value of the marketable securities at December 31, 1999 was $4,205,010 (1998-$2,685,664). The carrying value of bank debt approximates fair value as it bears interest at floating rates.

11. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those relating to customers, suppliers, or other third parties, have been fully resolved.

PENGROWTH ENERGY TRUST
CONSOLIDATED FINANCIAL RESULTS

Years ended December 31

Stated in thousands of dollars except per unit amounts

	1999	1998	1997	1996	1995
Gross oil and gas revenue	**$ 252,408**	168,782	121,216	77,656	36,980
Crown royalties	**29,049**	18,247	15,569	11,404	4,496
Freehold royalties and mineral taxes	**4,215**	3,032	4,177	4,533	1,967
Operating costs	**57,642**	56,505	34,200	19,400	9,699
Amortized injectant costs	**13,964**	5,330	–	–	–
General and administrative	**5,972**	5,446	2,758	2,063	1,634
Management fee	**4,490**	2,891	2,389	1,583	797
Interest expense	**10,882**	15,997	3,494	2,759	760
Capital taxes	**1,190**	927	1,367	17	328
Depletion, depreciation and future site restoration	**80,981**	75,174	38,863	22,619	12,415
Net Income	**50,223**	(767)	24,529	16,599	7,018
Per unit	**0.98**	(0.02)	0.87	0.84	0.51
Distributable income	**128,172**	72,117	63,634	38,822	19,254
Per unit	**2.49**	1.53	2.02	1.92	1.31
Total assets	**857,914**	765,162	965,281	224,858	161,603
Per unit	**15.99**	16.15	20.41	9.77	9.40
Long term debt	**230,333**	157,662	282,262	5400	20,659
Per unit	**4.29**	3.33	5.97	0.23	1.20
Unitholders' equity	**558,590**	560,525	632,786	194,835	131,144
Per unit	**10.41**	11.83	13.38	8.47	7.63
Net asset value*	**615,340**	502,538	770,418	241,775	164,589
Per unit	**11.47**	10.61	16.29	10.51	9.58
Return on average equity	**9.0%**	-0.1%	5.9%	10.2%	6.7%
Cash flow return on average equity	**22.9%**	12.1%	15.4%	23.8%	18.4%
Average cost of debt capital	**6.2%**	5.7%	4.2%	5.6%	8.9%

* Based on Established (proved plus 50% of probable) reserves discounted at 12% before income taxes

PENGROWTH ENERGY TRUST
OPERATING RESULTS
Years ended December 31

	1999	1998	1997	1996	1995
Daily production					
Oil (bbls)	**17,570**	16,695	7,650	4,681	3,080
Gas (mcf)	**61,494**	57,707	51,355	36,972	18,374
Natural gas liquids (bbls)	**3,927**	3,342	1,856	964	735
Oil equivalent (boe) 10:1	**27,721**	25,894	14,716	9,397	5,652
Oil equivalent (boe) 6:1	**31,821**	29,741	18,140	11,862	6,877
Total Annual Production (mboe) 10:1	**10,118**	9,451	5,371	3,430	2,063
Total Annual Production (mboe) 6:1	**11,615**	10,856	6,621	4,330	2,510
Average price					
Oil (per bbl)	**$ 26.73**	19.65	26.26	27.79	22.32
Gas (per mcf)	**$ 2.48**	1.78	1.94	1.73	1.35
Natural gas liquids (per bbl)	**$ 18.08**	11.71	19.67	21.03	13.75
Total oil & gas sales (per boe)	**$ 24.95**	17.84	22.78	22.63	18.02
Property acquisitions ($ millions)	**$ 141.8**	6.4	528.0	74.9	71.4
Capital expenditures ($ millions)	**$ 17.7**	34.9	17.5	10.3	3.8
Reserves (Established)					
Reserves acquired in the year (mmboe)	**21.1**	0.7	99.1	11.7	18.3
Reserves at year-end (mmboe)	**155.1**	140.1	145.0	44.2	34.8
Acquisition cost per boe	**$ 6.73**	5.99	5.33	6.41	3.90
Stock Market Data					
Trading volume (thousands of units)	**14,457**	12,079	10,545	11,582	8,892
Trading value (thousands $)	**$ 204,125**	164,628	192,697	192,712	119,355
Market capitalization:					
Units outstanding (thousands)	**53,639**	47,369	47,288	23,015	17,185
Year end unit price	**$ 15.50**	11.00	18.00	17.00	15.38
Total capitalization (thousands $)	**$ 831,410**	521,056	851,183	391,254	264,220
Trust unit price:					
High	**$ 16.75**	18.45	22.45	19.00	15.88
Low	**$ 10.50**	10.00	15.00	14.50	9.25
Close	**$ 15.50**	11.00	18.00	17.00	15.38
Cash on cash return:					
Yearly high price	**14.8%**	8.3%	9.0%	10.1%	8.2%
Yearly low price	**23.7%**	15.3%	13.4%	13.2%	14.1%

HISTORICAL CASH DISTRIBUTIONS

Distribution Date	**1999**	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
January 15	**0.11**	0.14	0.15	0.08	0.07	0.06	0.19	–	–	–	–
February 15	**0.13**	0.22	0.31	0.13	0.18	0.10	0.14	0.12	0.21	0.08	–
March 15	**0.13**	0.11	0.15	0.08	0.07	0.06	0.05	–	–	–	–
April 15	**0.15**	0.11	0.22	0.09	0.07	0.06	0.05	–	–	–	–
May 15	**0.22**	0.24	0.24	0.23	0.22	0.16	0.18	0.26	0.48	0.45	0.11
June 15	**0.16**	0.11	0.21	0.20	0.16	0.13	0.05	0.04	–	–	–
July 15	**0.19**	0.11	0.15	0.20	0.08	0.06	0.05	0.04	–	–	–
August 15	**0.22**	0.11	0.15	0.16	0.08	0.07	0.05	0.04	0.12	0.14	0.21
September 15	**0.21**	0.11	0.17	0.10	0.08	0.07	0.24	0.04	–	–	–
October 15	**0.22**	0.11	0.11	0.16	0.14	0.13	0.06	0.04	–	–	–
November 15	**0.25**	0.11	0.11	0.10	0.08	0.07	0.06	0.05	0.03	0.06	0.16
December 15	**0.23**	0.17	0.14	0.14	0.12	0.15	0.06	0.05	–	–	–
Total	**2.22**	1.65	2.11	1.67	1.35	1.12	1.18	0.68	0.84	0.73	0.48
Cumulative Total	**14.03**	11.81	10.16	8.05	6.38	5.03	3.91	2.73	2.05	1.21	0.48

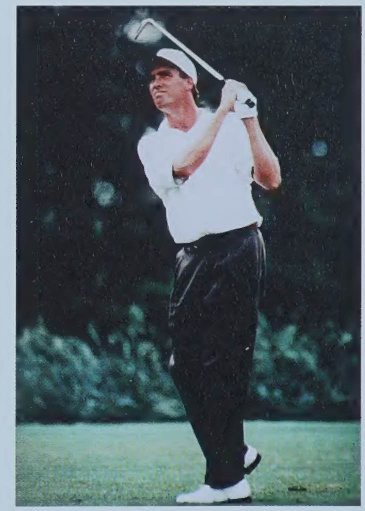
SUPPORTING THE COMMUNITY

Pengrowth believes that it is important to make a contribution toward the well-being of the people within the communities in which it operates. Each year we demonstrate our commitment by supporting between 30 and 40 community programs that include both financial and active participation in community service.

Swan Hills Minor Hockey Team

Local minor hockey and other sports sponsorships are areas that encourage participation of young adults in healthy activities. Pengrowth participates in an Adopt-A-Highway Program. Working together, young hockey players and our staff clean a section of Highway 32 that borders our Judy Creek field operations. Our local employees also play active leadership roles in a "School Synergy Partnership" at the Swan Hills School that helps to enhance learning. Throughout the year, we provide opportunities for students to job shadow our employees at work; as well as field tours for students and teachers. Our employees' in-class presentations about oil and gas industry technology and worker safety add practical knowledge for students who want to know more about our industry.

For some eight years, Pengrowth Management*, EnergyTrust's Manager, has sponsored the Rockyview Invitational Golf Tournament held annually at the Glencoe Golf and Country Club. Pengrowth Management is now the hosting sponsor. The tournament has grown to become the largest, one-day golf tournament fundraiser in Western Canada, having raised sufficient net proceeds over the years to purchase in excess of $1 million worth of much-needed equipment for various departments of the Rockyview Hospital, located in southwest Calgary.



Stephen Ames

Rockyview General Hospital

Pengrowth Management* is also pleased to be the primary corporate sponsor for Stephen Ames, a local Calgary professional golfer who is enjoying considerable success on the U.S. PGA Tour.

Glencoe Golf and Country Club – location of the Rockyview Invitational Golf Tournament each June

In addition to sponsorship of the Rockyview Tournament and Stephen Ames, Pengrowth Management* also supports other charities including the United Way.

** Pengrowth Management, as Manager of EnergyTrust, is incurring these expenses on its own account. None of these costs or charitable donations are being paid for by Pengrowth Energy Trust. However, the Trust and Unitholders may benefit from these activities.*

FRANK VETSCH STANLEY WONG JIM KINNEAR JOHN ZAOZIRNY TOM DOBSON

BOARD OF DIRECTORS

Francis G. Vetsch, B.Sc., P.Eng., *is President of Quantex Resources Ltd. and is the former President of Tripet Resources and Chairman of Chauvco Resources Ltd. In his earlier career he served as President and CEO of Alberta Eastern Gas Ltd. for six years and Vice-President, Operations of Atlantic Richfield Canada for six years.*

Stanley H. Wong, B.Sc., P.Eng., *is President of Carbine Resources Ltd., a private oil and gas producing and engineering consulting company. He was Senior Engineer with Hudson's Bay Oil & Gas for 10 years and employed by Total Petroleum for 15 years where he was Chief Engineer and later became Manager of Special Projects. He is currently a Director of Cavell Energy Corporation.*

James S. Kinnear, *President, C.E.O. and Director, Pengrowth Corporation. Mr. Kinnear graduated from the University of Toronto in 1969 with a B.Sc. degree and received a C.F.A. designation in 1979. In 1982 he founded Pengrowth Management Limited and in 1988 created Pengrowth Energy Trust. Prior to 1982 he was research director and partner with a securities firm in Montreal and previously worked as a securities analyst in Toronto and London, England.*

John B. Zaozirny, Q.C., B. Comm., LL.B., LL.M., *is Counsel to McCarthy Tetrault of Calgary, was Minister of Energy and Natural Resources for the Province of Alberta from 1982 to 1986, and currently serves on the Board of numerous Canadian and international corporations. He is also a Governor of The Business Council of British Columbia and a Senior Associate of Cambridge Energy Research Associates.*

Thomas S. Dobson *is President of T.S. Dobson Consultant Ltd. following a career spanning 43 years with The Royal Bank of Canada, from which he retired in 1978 as Executive Vice-President. He is a former Director of TransAlta Utilities Corporation, and currently serves on the Board of several corporations such as Murphy Oil Company Ltd. and Robert Mitchell Inc.*

CORPORATE INFORMATION

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OFFICERS OF PENGROWTH CORPORATION

James S. Kinnear
President and Chief Executive Officer

Robert J. Waters
Vice-President, Finance and Chief Financial Officer

Gordon M. Anderson
Vice-President, Treasurer

Henry D. McKinnon
Vice-President, Operations

Charles V. Selby
Corporate Secretary

Carol Donald
Assistant Corporate Secretary

TRUSTEE

Montreal Trust Company of Canada

BANKERS

Royal Bank of Canada

AUDITORS

KPMG LLP

ENGINEERING CONSULTANTS

Gilbert Laustsen Jung Associates Ltd.

LEGAL COUNSEL

Bennett Jones

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange
Symbol PGF.UN

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ABBREVIATIONS

bbl	barrel
mbbls	thousand barrels
mmbbls	million barrels
bpd	barrels per day
bopd	barrels of oil per day
boe*	barrels of oil equivalent
mboe*	thousand barrels of oil equivalent
mmboe*	million barrels of oil equivalent
boepd*	barrels of oil equivalent per day
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
mmcf	million cubic feet
mmcf/d	million cubic feet per day
bcf	billion cubic feet

Pengrowth Energy Trust (EnergyTrust)
Pengrowth Corporation (Corporation)

*10 mcf of gas = 1 barrel of oil

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The Benchmark of Energy Trusts

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